



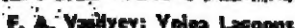






**King's Theatre, Edinburgh**

## by CLEMENT CRISP



best safely academic, at its worst ludicrous, as in Pimenov's dread-  
ful painting of people caught in  
a shower of rain. Cut off from  
the overt influence and example  
of their contemporaries else-  
where, Russian artists are denied  
the excitement and stimulus of  
real achievement, and it shows.

None of the foreign works is  
later than the War. There is a  
magnificent early Matisse, of the  
Bois de Boulogne, which is  
matched by an early cubist land-

olation; and, with Sisley, and the Barbizon painters, and the better Russians, like Vasilyev Savrasov, Grabar, Larianov and Serov, Shishkin and Kononchikovsky, they make a persuasive case for the defence.

The show remains at the Academy until the end of November, and then transfers to Glasgow, to the City Art Gallery, where it will stay from December 18 until January 28. There are many things in it worth seeing, and that we are unlikely ever to see

The air. The set is at least honest in mediating "after" Balas. The two sofas might have been loaned from a waiting room in Hell.

The middle of the bill, however, takes the audience all the way through, starting with a *Grand pas Gitano* that should carry a governance, health warning. There follows a series of pieces, by Anton Denko, his *Pas de deux*, and a *Grand pas de deux* deal of unimpressive charm (though I admired Robin Harris bounding, pretty Cerrito, and a *Grand pas de deux* by the *Les Femmes*. It is not what it was was Festival Ballet used to present; it is with John Gilpin in the lead, and a *Grand pas de deux* by the *Les Femmes* that scored that sound as if we were composed by Minikins' aunt on a bad day. But Scottish Ballet's four aspirants put a lot of verve

The final work, though redemptive, shows that it is not before Fleming's *Flamingo* that *Lesson* is good taut drama, with one cracking role for a male dancer as the demented ball teacher, taken by Graham Barden in grand fashion. His interpretation of the character, and at the last, when the ritual of murder and remorse is played once again, Bart becomes both fragile and infinitely pitiable; it is a performance in the very best tradition of dance acting, and one of the best of the season. A treasure. Very good, too, André in the role of the solid victim, and Elaine MacDonald as the wretched dress pianist.

# Semele

by ANTHONY HICKS

formance). Cuis were most sensible, the only serious loss being Athanasi's first act in *Agamemnon*, where his performance remains a cypher and the quartet comes in cold. (Finish is 10.22 so there is time for a few more songs.) Albanian is represented given part of his rarely heard Act 3 air, and counter-tenor John Angelo Messina sings it with power and conviction.

In the title rôle Teresa Cabirol is a queen to the generic virtuosity of her Act 3 airs, but she sustains a good line and is characterful throughout. Patricia Kern is a marvellous Juno, acting superbly with voice and body. The other two young men, Anthony Roll Johnson, as Jupiter is an especial pleasure; the voice is firm and

range and equal both to the brilliance of "I must with speed amuse her" and to the expression of "Where'er you walk the latter a performance that ennobled the evening. In Roberts makes more than one might expect of Iris and sing her air very sweetly. John Noble (Cadmus), Helen Attfield (Iris), Dinah Harris (Cupid) and

If there is a general conclusion to be drawn from this production and the new HOS, it is perhaps that the AOS, having got their musical department more or less buttoned up, must now turn to planning and coordination on the production side, leading to a proper house style. Additional time in the theatre is a necessary but not sufficient condition for this. The appointment of an artistic director might well be the next step towards the consolidating of the production work. The Society has so usefully done in the past 20 years.



by GILLIAN WIDDICOMBE

Suzon Lake is hardly an immediate choice for showing off male star. The character of Siegfried is little more than cardboard, the opportunities for dancing are a solo in Act 1 and a hackneyed virtuoso duet in Act 3, and in between them lies a good deal of attentive partnering and some stock emoting. Siegfried are rare, on the whole, of Bruhn, Dowell, and then pauses; the demands of nobility and the technique to set the groundings in a roar during Act 3 are not often happily combined. Mikhail Baryshnikov had not

**ANNOUNCING  
THE END OF THE  
INNER PARTY.**

Distinction Tawny Port  
Ten years in the wood

## Covent Garden

by CLEMENT CRISP

If there is a general consensus to be drawn from this production and the new Alcina is perhaps that the HOS, having seen their musical department more or less buttoned up, must be better planning and coordination on the production side, leading to a proper hon style. Additional time in the theatre is necessary but it is sufficient condition for this. The appointment of an artistic director might well be the next step towards the consolidation and expansion of the work force. So far so usefully done in the past 20 years.

**Mermaid**

## Farjeon Reviewed by B. A. YOUNG

Elizabeth Seal and David Burt showed the most revuable personalities, though it was good to see Bernard Miles letting his hair down again. (And how splendid that old sketch with the wagon-wheel is, even if it's not by Farjeon.) Peter Docherty has done the décor and Ken Moule directs a little band on stage.

## Alarm at opera cost inflation

Following a meeting on Saturday of heads of opera houses in Western Europe and the United States, at which alarm was expressed at the rapid increase in mounting opera, another, longer meeting is to be held at La Scala, Milan, in January.

At Saturday's meeting it was agreed that a new approach to the whole business must be found. Sharing of productions is one proposal mooted, and Mr. John Tooley, General Administrator of Covent Garden, said that he had already arranged European tours for two Covent Garden productions.

## The World of Islam Festival

The World of Islam Festival, an ambitious festival of the arts from all over the Islamic world, will take place in London and other centres in the spring of 1976.

A programme of exhibitions has already been provisionally announced. They will include: The Quran, at the King's Library, British Museum; The Cave of the Antelope, at the Science and Technology Museum, London; The Nomad and City, at the Museum of Mankind (British Museum); Music and Musical Instruments, at the Victoria and Albert Museum; Islamic Painting in India, at the British Museum; Islamic Metalwork, at the V. and A. Museum, Edinburgh; The House of Embroidery, at the Commonwealth Institute; Carpets of Persia, at the Victoria and Albert Museum; The Carpet, at the Art Gallery, Sheffield; The Qashqai (carpets, tents and tent-furnishings, arts and crafts) at the Whitworth Gallery, Manchester. Some of the exhibitions will tour.

There will also be concerts of music from the Islamic world, a festival of folklore and dramatic presentations of poetry and literature, besides an important programme of documentary films.

An extensive programme of books and lectures is also planned.

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The first of the new style Award will be made in 1976 and the list of

General arrangements and selection

procedures remain basically the same as before but eligibility for the Export Award has been extended to certain

The closing date for

classes of indirect exporting and to export agents.

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**Any industrial unit based in the United Kingdom, Channel Islands or Isle of Man, producing goods or**

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the 1976 Awards is

**The closing date for the 1976 Awards is**  
**30 November 1975.**



## Peter Shore told: 'Don't impede Japanese exports'

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, Oct. 27.

THE British Chamber of Commerce in Japan has issued what amounts to a warning to the government not to give in to pressures for protection against Japanese imports in a "paper" sent to Mr. Peter Shore, Secretary of State.

The "paper," whose text was circulated to Chamber members today, says restrictions on imports from Japan would be a "retrograde and counterproductive" step for Britain, and would threaten to undermine the effectiveness of U.K. export promotion efforts.

Starting in 1973, Britain introduced a series of ambitious measures for stepping up sales of British products to the Japanese market, including the costly but highly successful British Export Marketing Centre here.

One point which the chamber stresses particularly is the vulnerability of luxury goods exported by Britain to any protectionist pressures on the part of Japan. It also stresses the fact that its own members have played a big role in promoting imports into Japan from "it is correct to say, predominantly British sources."

The encouraging aspect of the U.K.-Japan trade scene is that the decline in Japan's overall import now appears to be ending, and British exports to Japan are showing the first signs of recovery.

The two former products, it points out, are examples of labour-intensive industries which are of particular sensi-

## Changing pattern of U.S.-China trading

By A Correspondent

CANTON, Oct. 27. OFFICIALS AT the 38th Canton trade fair say U.S. attendance has increased sharply. The move apparently indicates a new Chinese policy on trading with the U.S. The number of British businessmen has also risen from the normal 80 in the first week to just over 100.

What is important about the increased attendance is that China has stopped making a political link between U.S. attendance and improving relations. When U.S. participation at the fair began, Chinese officials said trade would increase "gradually." That did not prove true.

The Chinese side is showing greater understanding of U.S. business and willingness to compromise with methods which at one time seemed repugnant. At the autumn fair in 1973 a U.S. spokesman quoted a Chinese official as follows: "We are not going to do business with those Americans who demand we put their labels on our products, complain about design standards and press us to give them the exclusive right to distribute an export commodity."

Two years later, Chinese companies are sewing U.S. labels alongside their own brand names; making products to U.S. designs and quality specifications; and even beginning to create some exclusive agencies for small product groups.

## Malaysia to revise new oil law

BY KEVIN RAFFERTY

KUALA LUMPUR, Oct. 27.

TUN ABDUL RAZAK, Prime Minister of Malaysia, dropped a broad hint today that controversial aspects of the country's recent oil legislation which have upset the international oil companies will quietly be dropped.

He emphasised Malaysia's need for foreign investment and stressed that the country offered many advantages to potential investors. He did not refer directly to the grumbles of the oil majors, but said: "We fully realise that there must be participation of foreign private investment in the petroleum industry, and in endeavouring to reach working arrangements it will continue to be our policy to ensure that the interest of the private sector will be safeguarded."

The Prime Minister sought to reassure potential investors that Malaysia was a fruitful place for them to put their money. He predicted that the economy would grow this year by between 2 and 4 per cent in real terms, making an average of 7 per cent a year for the 1971-1975 Plan period. In the next Plan, the target growth would be between 7 and 8 per cent a year.

The country's foreign exchange reserves were strong, and the present slack was a result of external factors rather than a sign of inherent weakness. He admitted that Malaysia had faced a recent upsurge of Communist terrorist activity, but stressed that the Communists were few in number and that the Government was strengthening the security forces to deal with the small number which "continue their futile struggle in the jungle."

### Shares complaint

The oil companies have complained about a part of Malaysia's legislation compelling them to create a new category of management shares, all of which will be held by Petronas, the State oil concern. The management shares will carry 500 votes each on such matters as appointment of directors, a factor which particularly alarmed the oil companies.

I understand from other sources that the Malaysian Government is looking around for a formula which will allow it to drop this part of the legisla-

## Farm plant export peak

Financial Times Reporter

MR. DOUGLAS WALKER, president of the Agricultural Engineers Association, said yesterday that the British farm machinery industry was exporting £30m. worth of farm tractors and machinery a month. The export target for 1975 was £500m., but "barring mishaps" that figure would be exceeded by perhaps £100m.

Imports had risen 36 per cent to £115.3m. over the first eight months, with tractors representing 15 per cent of sales on the home market and machinery for about 30 per cent. But sales by U.K. manufacturers to British farmers were running at over £400m. a year, he pointed out. Thus agricultural engineering had a favourable balance of £282.7m. for the eight months.

### Contracts Abroad

THOMSON-CSF has sold 10 medium and long-range television transmitters and two regional studios, costing £11m. in all, to the Indonesian Government for use in the Eastern region.

STERLING ASTALDI, London, and SKANSKA CEMENT-GUTIERREZ, Stockholm, will handle civil works costing £12.7m. at the Gitaru hydro-electric project of Tana River Development Company, Kenya.

KRUPP INDUSTRIE UND STAHLBAU will deliver complete transport equipment worth £4.9m. for an airport being built at Lagos.

## Record sales of sugar put Cuba in surplus

BY HUGH O'SHAUGHNESSY

HAVANA, Oct. 27.

RECORD SUGAR sales gave nickel, the second big Cuba its first, albeit tiny, trade surplus last year after many years of deficit, according to statistics just published by the National Bank of Cuba and the National Planning Juceplan, the National Planning Board.

Exports last year were 2,222bn. (£1.3bn.) against c.i.f. imports of 2,211bn. (£1.29bn.), putting the country into the black to the tune of Pesos 142m. (£82m.). The current exchange rate of the Peso is 91 U.S. cents. These figures compare with exports of Pesos 861.2m. (£503m.) and imports of Pesos 1,399m. (£808m.) in 1971.

Sugar sales last year netted Pesos 1,926m. (£1.2bn.) or 86.4 per cent of the export total, and triple the 1971 figure. The annual average price of sugar was 29.69 U.S. cents a pound, against less than 2 U.S. cents during the 1960-66 period.

The Cuban authorities now reveal that the Soviet Union paid an average of 38.64 cents a pound last year, and has agreed a provision of 500 Roubles a tonne (about 30 U.S. cents a pound) for purchases this year and the next five years.

It is pointed out that if Cuba had received an average price of only 10 U.S. cents a pound for sugar during the past decade, the trade balance would have been considerably favourable. Mining products, mostly entertained.

## Italy grants £450m. credits to Russia

BY DOMINICK J. COYLE

ROME, Oct. 27.

LONG-TERM credits amounting to some £450m. for the purchase of Italian goods were agreed today during the visit here of Mr. Nicolai Patolichev, the Soviet Minister for Foreign Trade, for but so far unconfirmed re-

talks with his Italian opposite number, Sig. Ciriaco De Mita. Mr. Patolichev, who heads a 12-member Soviet trade delegation for talks which are described officially here as "quite important." He is also visiting Sig. Mariano Rumor, the Foreign Minister, and Sig. Emilio Colombo, the Treasury Minister. Later this week he will see the Prime Minister, Sig. Aldo Moro.

The Italy-Soviet trade talks have an added significance because of next month's visit to Moscow of President Giovanni Leone, when a number of new commercial contracts between the two countries is likely to be announced. These may involve some of the companies

with which Mr. Patolichev was in contact with this week, including Fiat, ENI, Montedison, Finisider. There have been persistent rumours that Fiat may soon obtain the Soviet Union contract to build another factory plants to assemble machines. Mr. Patolichev is also expected to discuss Italian imports from the Soviet Union, which were valued at £522bn. (£374m.) or more double those in 1973, leaving import excess on the Italian side for the first time in the months to last December.

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## U.K. oil industry team in Iran

FINANCIAL TIMES REPORTER

LORD BESWICK, Minister of State, Department of Industry, by the Earl of Limerick, and Lord Brighshaw, until recently a member of the TUC General Council, are in Iran leading a British trade mission. Their visit follows less than a month after "Mr. Denis Healey, Chancellor of the Exchequer, spent five days there.

Organised by the Council of British Manufacturers of the Petroleum Industry, it marks "a new initiative to secure more business in the petroleum and petrochemical fields." During their nine-day visit the mission will meet on-site those responsible for operating Iran's oil fields, together with officials of the industry.

As well as Lord Brighshaw, who has been nominated by the TUC to represent it on the British Overseas Trade Board, the Board will be represented by the Earl of Limerick, a member of the Association of British Chambers of Commerce, a director of Kleinwort Benson and by Mr. J. W. Buckley, a man of Davey International, also a member of the CBMP. Iran is Britain's largest market for petroleum products and the one rapidly developing. Last year U.K. exports to Iran were £278m., or 62 per cent of £448m., as against £169m. in 1973, and in the eight months of this year totalling £340m.

At present, U.K. exports consist mainly of transport equipment, machinery, chemical products, metal manufactures and mill equipment. But there is obvious need to extend this participation both in Iran's oil and infrastructure program and the development of its industry.

The conference has been organised by the Financial Times, the Investors Chronicle and four leading Scandinavian newspapers: Helsingin Sanomat, Berlingske Tidende, the Norwegian Journal of Commerce and Shipping, and Svenska Dagbladet. The contrast between the need for more capacity in developing countries and the effects of recession on the industry in Europe was a recurrent theme among the speakers.

Mr. Bisto Eklund, Vice-President of the International Council of Engineers, Jaakko Royry, the audience that the use of the new technology of the mechanical pulping to make most efficient use of materials.

A Canadian speaker, J. Bell of the Abitibi Paper Company, made a strong attack on the labour troubles which have brought the Eastern Canadian paper mills to a standstill since early July.

Mr. Exile dos Santos of Brazilian Bank of Economic Development described the Brazilian programme in operation with Japanese and other foreign companies, create a major pulp export industry.

The Financial Times, published daily at 11.00 a.m. (U.S. edition at 8.00 a.m. Second class postage paid at New York, N.Y.)

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# Economic aid likely from Sadat visit, but no arms

BY PAUL LEWIS, U.S. EDITOR

SIDAT ANWAR SADAT of Egypt began a 10-day official visit to the U.S. today which is expected to be of critical importance in strengthening relations between the two countries and securing Dr. Sadat's still fragile Sinai accord.

The visit is expected to have most tangible results in the economic field, where the two nations are seeking American financial assistance. On the other hand, the Ford administration is unlikely to be able to President Sadat anything in way of military assistance for at least a year, although he is expected to build up his country's forces.

However, the Americans hope the visit will serve to consolidate their relationship with the Egyptian leader and strengthen U.S. influence on Egyptian economic aid for Egypt this year and the details of this request will be an important subject of conversation between President Sadat and his hosts.

President Ford is thinking of about \$800m. in general economic aid, combined with food grants and a grain sales agreement worth about \$100m.

The most contentious issue relates to armaments and the prospects for an initial disengagement agreement between Israel and Syria along the Golan Heights. The Egyptian President has made quite clear that he wants to buy armaments from the U.S., having been virtually cut off from further Russian supplies and that if he cannot get satisfaction from either Washington or Moscow he is going to look elsewhere.

Finally, President Sadat will discuss the next peace move in the Middle East and, in particular, the need for a limited measure of disengagement between Israel and Syria along the Golan front. Mr. Sadat has said publicly that he would like to see this agreed before the

Geneva peace conference is convened to consider an overall settlement and the U.S. takes the same view. However, as yet, the Syrians have steadfastly refused to open negotiations.

L. Daniel reports from Tel Aviv: President Sadat's visit to the U.S. and the royal welcome which he is being accorded by the Ford administration are viewed with mixed feelings here. While it is realised that the latest Egyptian-Israeli Sinai agreement could not have come about without the rapprochement between Cairo and Washington, apprehension is felt that the U.S. administration may go overboard, reduce the flow of arms to Israel and instead supply Egypt.

Observers here point with concern at Mr. Sadat's latest statement that if war should break out between Israel and Syria—a Syria tied to the Soviet Union and unwilling so far to enter any form of negotiations with Israel—Egypt would participate in the hostilities.

WASHINGTON, Oct. 27.

NEW YORK, Oct. 27. A PUERTO RICAN terrorist group claimed responsibility for nine simultaneous bombings today in New York, Washington and Chicago directed at what it called "Yankee Government and monopoly capitalist institutions." No injuries were reported from any of the explosions.

The targets of the early morning attacks included the State Department in Washington, the U.S. mission to the United Nations in New York, the Sears Tower building in Chicago, and several banks and corporate offices.

The Armed Forces of Puerto Rican National Liberation took responsibility for the bombings in a typewritten communiqué signed "FALN Central Command." The note was found by police in a Lower West Side phone booth following an anonymous call.

Secretary of State Henry Kissinger condemned the "completely senseless" State Department bombing which caused an estimated \$15,000 damage.

In New York City devices were found outside the U.S. mission to the United Nations and four banks. They were branches of the British National Westminster Bank, two First National City branches and the Chase Manhattan Bank. The Illinois Continental Bank and the Marine City apartment and shopping complex, where International Business Machine (IBM) offices are located, were also struck in Chicago.

Chicago police said that five undetonated sticks of dynamite were found in the Standard Oil building. The bundle, wrapped in green paper with a bunch of roses attached, was removed safely. A police spokesman said a suspect was being sought in connection with the explosion at the 1,434-foot Sears Tower, but no one had been arrested so far.

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MEXICO AFTER ECHEVERRIA

# A president clings to power

BY ALAN RIDING, MEXICO CORRESPONDENT



Sr. Jose Lopez Portillo, "the brother, not the son."

PRESIDENT LUIS ECHEVERRIA is trying to ensure that he remains politically influential inside Mexico after leaving office in December next year, having largely abandoned his dreams of becoming UN Secretary-General.

The choice as successor of a good friend and political ally, the former Finance Minister Sr. Jose Lopez Portillo, suggested this ambition. The recent appointment of his closest aides to top posts in the Institutional Revolutionary Party (PRI), for long the ruling party, only confirmed that, though unable to seek re-election, Sr. Echeverria is planning an early retirement.

Since the emergence of Sr. Lopez Portillo as the PRI's candidate for next July's elections, the degree of Sr. Echeverria's likely influence over the next President—and the possibility of clashes between the two men—have been the main topics of analysis and speculation among politicians, bureaucrats, businessmen and journalists.

## Strong-minded

It is argued, for example, that Sr. Lopez Portillo is just as strong-minded as Sr. Echeverria and that the highly centralised political system requires a single authoritarian voice. But it is also pointed out that Sr. Echeverria is an energetic and ambitious man, who will be only 54 years old when he leaves office. He is also an immensely skilful politician who has been carefully preparing the political system to accommodate his influence after next year.

The master move was the choice of the Presidential candidate. For months, while the 55-year-old Sr. Lopez Portillo had seemingly abandoned hope of being picked, Sr. Echeverria encouraged political groups to believe that the successor would be either Sr. Mario Moya Palencia, the Minister of Interior, or Sr. Hugo Cervantes del Rio, the Minister in favour of the opposition National Action party (PAN). Sr. Lopez Portillo, Sr. Party (PAN) are highest and Echeverria thus pulled away the

inches suddenly turned up in the Lopez Portillo camp.

Sr. Echeverria's determination to govern until his last day in office and to remain influential indefinitely after that have posed a serious dilemma for Sr. Lopez Portillo. As *de facto* President-Elect, Sr. Lopez Portillo should already be gaining strength and establishing his own political identity. But so far at least, he has apparently felt under pressure to pay constant homage to Sr. Echeverria and has been unable to prevent the new party leaders from asserting that the next Government will "deepen, widen and continue" the work of the present administration. Even the campaign slogans—"less wealth, less poverty," for example—have a familiar ring.

## Rhetoric

But Sr. Lopez Portillo knows as well as any political analyst that the secret of the Mexican system is that the faces and style of those in office change every six years, even though the same party has been in office since 1929. As a cartoonist and commentator, Sr. Abel Quezada wrote recently: "The candidate means hope and, in Mexico, there is only one reason for hope: change." Sr. Lopez Portillo has therefore publicly repudiated charges of "continuity" by arguing in favour of continuity.

## Seize control

Sr. Echeverria's follow-up was almost as skilful. Anxious to seize control of the PRI during the campaign for the elections he named two loyal ministers, Sr. Porfirio Munoz Ledo, Labour, and Sr. Augusto Gomez Villanueva, Agrarian reform, as president and secretary-general of the party respectively. The Minister of the Presidency Sr. Cervantes del Rio was appointed head of the PRI in the capital, where protest voices in favour of the opposition National Action party (PAN) are highest and Echeverria thus pulled away the

alignment of Mexican foreign policy from a pro-American to a Third World position, has become as much a part of official rhetoric as the 1910 revolution itself. Similarly, criticism of a purely capitalist model of development and concern for socio-economic reform may overflow from the speeches of even the merest political hacks in the system.

There will probably be a change of style. While Sr. Echeverria is essentially a politician, given to travelling widely and talking tirelessly to the home and abroad, Sr. Lopez Portillo is a technocrat concerned with economic planning and administrative efficiency.

But while he is considered more "human" than Sr. Echeverria, Sr. Lopez Portillo's political fate will be determined less by his charm than by his ability to tame a hostile and distrustful party bureaucracy. That having chosen a man with little grassroots political support or indeed influence, Sr. Echeverria may see himself manipulating the party and the politics, while Sr. Lopez Portillo runs the economy. It is even rumoured, for example, that Sr. Echeverria would like to become president of the PRI when he leaves office, while his wife, Sr. Maria-Esther Zúñiga Echeverria, is reported to be seeking the governorship of the important state of Jalisco. Had Sr. Moya been chosen, this kind of speculation would have been inconceivable.

## Short-temper

Unquestionably, Sr. Lopez Portillo's lack of political experience will be a problem and, given his well-known short-temper, he may be given to overreacting when conciliation is called for. Nevertheless, the greatest pressure upon him on assuming power will be to prove that he is running his own Government. No matter how great the continuity of policies, a clash of personalities between the old and the new Presidents will be difficult to avoid.

## Toyota in d agency witch

BY PALMER

NEW YORK, Oct. 27. TA, in one of the biggest switches in many years, has cut its \$30m. a year U.S. advertising account to Dancer-Raid-Sample. The Japanese company's decision to move last August to a 13 year relationship with Chicago agency of Clinton

nk. One of the larger in Avenue based com- with total 1974 billings \$m., apparently won the count on an "economy" name over the competition

lls, Rich, Greene and Tel reasons for Toyota's split Clinton Frank, revealing of a mystery. Al- both sides have con- sely refused to comment, ing Age, a weekly mag- of the industry, reported ersonality conflicts be- the agency and the client- een growing since 1973.

rding to the most recent Toyota's \$30m. 1974 made it the 71st largest -vertising account. The y has refused to com- on numerous recent that its plan to combat s recent moves into are by increasing its 1976 ing budget to over

-the course of this year's U.S. car sales have s per cent. in direct con- with the slump in sales experienced by the U.S. dustry. While it remains and largest importer over st nine months of this he most recent monthly show its sales to be well of the traditional import Volkswagen.

## Canadian union leader rejects anti-inflation Bill

BY VICTOR MACKIE

OTTAWA, Oct. 27.

THE 2m-member Canadian Labour Congress has declared its outright rejection of the Federal Government's anti-inflation programme and demanded that Prime Minister Trudeau withdraw immediately the legislation to implement it. CLC President Joe Morris said, after the union executive had completed a detailed examination of the Wage and Price Control Bill now before the Commons, that the measures are "unfair, inequitable and unworkable."

Mr. Morris said that the programme is designed to "put the lid on wage increases" while leaving uncontrolled prices, corporate incomes, professional fees and interest rates. As he spoke, Statistics Canada reported that labour's share of national income fell by 1.4 per cent. during August to \$7.28bn. from \$7.38bn. in July.

Mr. Morris said that the executive of the CLC has sent a telegram to Mr. Trudeau demanding that he withdraw the Bill because it is unfair to workers and will not control inflation.

WORK AT the main site of the 1976 Olympic Games is expected to resume today, Quebec trade union leaders said. Little work has been done on the project since last Monday when most of the 3,000 men walked out to protest against a blacklist barring about 300 "troublesome" workers from the site.

The Quebec Labour Federation said yesterday that a compromise agreement had been reached on the blacklist, which was compiled by police for the construction companies, following weekend talks between the union and the

City of Montreal. Victor Mackie adds from Ottawa: A conspiracy by a group of Arab Canadians to assist foreign agents in an act of terrorism at the Olympic Games in Montreal next year is being investigated by the Royal Canadian Mounted Police. Senior federal officials and police sources have said the plot and the identities of the conspirators are known to the RCMP. Police have not enough evidence to lay criminal charges and cannot arrest the plotters.

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## US 'undercharged' military sales

WASHINGTON, Oct. 27.

THE UNITED STATES illegally paid at least \$95m. of the cost of foreign military sales, Rep. L. Vucelja said today. The Pentagon had no immediate comment but one source said that a programme was under way to charge foreign Governments an additional percentage to cover sales items which could not be calculated precisely.

Mr. Vucelja, a Congressional committee to-day began inquiries into charges that the U.S. Occidental Oil company paid more than \$3m. in bribes to obtain oil concessions in Venezuela. The charges were made by former Occidental executive John Ryan who was quoted by the New York Times this month as saying that the bribes were paid by Occidental President Armand Hammer to politicians and parliamentarians between 1969 and 1972.

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## NOTICE OF REDEMPTION

To the Holders of

## ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

6 3/4% Sinking Fund Debentures due June 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, as selected by lot for redemption on December 1, 1975 at the principal amount thereof \$612,000, principal amount of said Debentures bearing the following serial numbers:

### DEBENTURES OF U.S. \$1,000 EACH

135	1828	2735	4886	5878	6910	7820	8622	9766	10791	11970	13448	14236	15944	20117	22022	27824
181	1829	2736	4887	5879	6911	7821	8623	9767	10792	11971	13449	14237	15945	20118	22023	27825
282	1830	2737	4888	5880	6912	7822	8624	9768	10793	11972	13450	14238	15946	20119	22024	27826
383	1831	2738	4889	5881	6913	7823	8625	9769	10794	11973	13451	14239	15947	20120	22025	27827
484	1832	2739	4890	5882	6914	7824	8626	9770	10795	11974	13452	14240	15948	20121	22026	27828
585	1833	2740	4891	5883	6915	7825	8627	9771	10796	11975	13453	14241	15949	20122	22027	27829
686	1834	2741	4892	5884	6916	7826	8628	9772	10797	11976	13454	14242	15950	20123	22028	27830
787	1835	2742	4893	5885	6917	7827	8629	9773	10798	11977	13455	14243	15951	20124	22029	27831
888	1836	2743	4894	5886	6918	7828	8630	9774	10799	11978	13456	14244	15952	20125	22030	27832
989	1837	2744	4895	5887	6919	7829	8631	9775	10800	11979	13457	14245	15953	20126	22031	27833
1090	1838	2745	4896	5888	6920	7830	8632	9776	10801	11980	13458	14246	15954	20127	22032	27834
1191	1839	2746	4897	5889	6921	7831	8633	9777	10802	11981	13459	14247	15955	20128	22033	27835
1292	1840	2747	4898	5890	6922	7832	8634	9778	10803	11982	13460	14248	15956	20129	22034	27836
1393	1841	2748	4899	5891	6923	7833	8635	9779	10804	11983	13461	14249	15957	20130	22035	27837
1494	1842	2749	4900	5892	6924	7834	8636	9780	10805	11984	13462	14250	15958	20131	22036	27838
1595	1843	2750	4901	5893	6925	7835	8637	9781	10806	11985	13463	14251	15959	20132	22037	27839
1696	1844	2751	4902	5894	6926	7836	8638	9782	10807	11986	13464	14252	15960	20133	22038	27840
1797	1845	2752	4903	5895	6927	7837	8639	9783	10808	11987	13465	14253	15961	20134	22039	27841
1898	1846	2753	4904	5896	6928	7838	8640	9784	10809	11988	13466	14254	15962	20135	22040	27842
1999	1847	2754	4905	5897	6929	7839	8641	9785	10810	11989	13467	14255	15963	20136	22041	27843
2100	1848	2755	4906	5898	6930	7840	8642	9786	10811	11990	13468	14256	15964	20137	22042	27844
2201	1849	2756	4907	5899	6931	7841	8643	9787	10812	11991	13469	14257	15965	20138	22043	27845
2302	1850	2757	4908	5900	6932	7842	8644	9788	10813	11992	13470	14258	15966	20139	22044	27846
2403	1851	2758	4909	5901	6933	7843	8645	9789	10814	11993	13471	14259	15967	20140	22045	27847
2504	1852	2759	4910	5902	6934	7844	8646	9790	10815	11994	13472	14260	15968	20141	22046	27848
2605	1853	2760	4911	5903	6935	7845	8647	9791	10816	11995	13473	14261	15969	20142	22047	27849
2706	1854	2761	4912	5904	6936	7846	8648	9792	10817	11996	13474	14262	15970	20143	22048	27850
2807	1855	2762	4913	5905	6937	7847	8649	9793	10818	11997	13475	14263	15971	20144	22049	27851
2908	1856	2763	4914	5906	6938	7848	8650	9794	10819	11998	13476	14264	15972	20145	22050	27852
3009	1857	2764	4915	5907	6939	7849	8651	9795	10820	11999	13477	14265	15973	20146	22051	27853
3110	1858	2765	4916	5908	6940	7850	8652	9796	10821	12000	13478	14266	15974	20147	22052	27854
3211	1859	2766	4917	5909	6941	7851	8653	9797	10822	12001	13479	14267	15975	20148	22053	27855
3312	1860	2767	4918	5910	6942	7852	8654	9798	10823	12002	13480	14268	15976	20149	22054	27856
3413	1861	2768	4919	5911	6943	7853	8655	9799	10824	12003	13481	14269	15977	20150	22055	27857
3514	1862	2769	4920	5912	6944	7854	8656	9800	10825	12004	13482	14270	15978	20151	22056	27858
3615	1863	2770	4921	5913	6945	7855	8657	9801	10826	12005	13483	14271	15979	20152	22057	27859
3716	1864	2771	4922	5914	6946	7856	8658	9802	10827	12006	13484	14272	15980	20153	22058	27860
3817	1865	2772	4923	5915	6947	7857	8659	9803	10828	12007	13485	14273	15981	20154	22059	27861
3918	1866	2773	4924	5916	6948	7858	8660	9804	10829	12008	13486	14274	15982	20155	22060	27862
4019	1867	2774	4925	5917	6949	7859	8661	9805	10830	12009	13487	14275	15983	20156	22061	27863
4120	1868	2775	4926	5918	6950	7860	8662	9806	10831	12010	13488	14276	15984	20157	22062	27864
4221	1869	2776	4927	5919	6951	7861	8663	9807	10832	12011	13489	14277	15985	20158	22063	27865
4322	1870	2777	4928	5920	6952	7862	8664	9808	10833	12012	13490	14278	15986	20159	22064	27866
4423	1871	2778	4929	5921	6953	7863	8665	9809	10834	12013	13491	14279	15987	20160	22065	27867
4524	1872	2779	4930	5922	6954	7864	8666	9810	10835	12014	13492	14280	15988	20161	22066	27868
4625	1873	2780	4931	5923	6955	7865	8667	9811	10836	12015	13493	14281	15989	20162	22067	27869
4726	1874	2781	4932	5924	6956	7866	8668	9812	10837	12016	13494	14282	15990	20163	22068	27870
4827	1875	2782	4933	5925	6957	7867	8669	9813	10838	12017	13495	14283	15991	20164	22069	27871
4928	1876	2783	4934	5926	6958	7868	8670	9814	10839	12018	13496	14284	15992	20165	22070	27872
5029	1877	2784	4935	5927	6959	7869	8671	9815	10840	12019	13497	14285	15993	20166	22071	27873
5130	1878	2785	4936	5928	6960	7870	8672	9816	10841	12020	13498	14286	15994	20167	22072	27874
5231	1879	2786	4937	5929	6961	7871	8673	9817	10842	12021	13499	14287	15995	20168	22073	27875
5332	1880	2787	4938	5930	6962	7872	8674	9818	10843	12022	13500	14288	15996	20169	22074	27876
5433	1881	2788	4939	5931	6963	7873	8675	9819	10844	12023	13501	14289	15997	20170	22075	27877
5534	1882	2789	4940	5932	6964	7874	8676	9820	10845	12024	13502	14290	15998	20171	22076	27878
5635	1883	2790	4941	5933	6965	7875	8677	9821	10846	12025	13503	14291	15999	20172	22077	27879
5736	1884	2791	4942	5934	6966	7876	8678	9822	10847	12026	13504	14292	16000	20173	22078	27880
5837	1885	2792	4943	5935	6967	7877	8679	9823	10848	12027	13505	14293	16001	20174	22079	27881
5938	1886	2793	4944	5936	6968	7878	8680	9824	10849	12028	13506	14294	16002	20175	22080	27882
6039	1887	2794	4945	5937	6969	7879	8681	9825	10850	12029	13507	14295	16003	20176	22081	27883
6140	1888	2795	4946	5938	6970	7880	8682	9826	10851	12030	13508	14296	16004	20177	22082	27884
6241	1889	2796	4947	5939	6971	7881	8683	9827	10852	12031	13509	14297	16005	20178	22083	27885
6342	1890	2797	4948	5940	6972	7882	8684	9828	10853	12032	13510	14298	16006	20179	22084	27886
6443	1891	2798	4949	5941	6973	7883	8685	9829	10854	12033	13511	14299	16007	20180	22085	27887
6544	1892	2799	4950	5942	6974	7884	8686	9830	10855	12034	13512	14300	16008	20181	22086	27888
6645	1893	2800	4951	5943	6975	7885	8687	9831	10856	12035	13513	14301	16009	20182	22087	27889
6746	1894	2801	4952	5944	6976	7886	8688	9832	10857	12036	13514	14302	16010	20183	22088	27890
6847	1895	2802	4953	5945	6977	7887	8689	9833	10858	12037	13515	14303	16011	20184	22089	27891
6948	1896	2803	4954	5946	6978	7888	8690	9834	10859	12038	13516	14304	16012	20185	22090	27892
7049	1897	2804	4955	5947	6979	7889	8691	9835	10860	12039	13517	14305	16013	20186	22091	27893
7150	1898	2805	4956	5948	6980	7890	8692	9836	10861	12040	13518	14306	16014	20187	22092	27894
7251	1899	2806	4957	5949	6981	7891	8693	9837	10862	12041	13519	14307	16015	20188	22093	27895
7352	1900	2807	4958	5950	6982	7892	8694	9838	10863	12042	13520	14308	16016	20189	22094	27896
7453	1901	2808	4959	5951	6983	7893	8695	9839	10864	12043	13521	14309	16017	20190	22095	27897
7554	1902	2809	4960	5952	6984	7894	8696	9840	10865	12044	13522	14310	16018	20191	22096	27898
7655	1903															











# Howe puts forward plan for 'investment contract'

BY RICHARD EVANS, LOBBY CORRESPONDENT

IF THE ECONOMY was taking effective action to prevent "the unfair and damaging dumping" of foreign goods in Britain, but this was the exception. The efficient British company remained well able to compete with foreign competition.

It was undeniable that Britain could do with a much higher level of investment and a more modern stock of capital, but it was no use "attempting to spread investment on the economy like a load of horse manure," and then hoping that an enormous improvement in output would take place.

What was needed were the right opportunities and the right climate in which the proper kind of investment—profitable investment—could take place.

## Tax burden

Sir Geoffrey's seven-point plan for an investment contract "designed to make Britain a land fit for investors" to live in, consisted of:

1—A determination not to back down from overcoming inflation. He thought Mr. Wilson and his colleagues would be sorely tempted to halt the "achievement" of a 15 per cent rate of inflation as a catastrophe, but he said no.

2—The public sector must be required to consume a smaller share of the nation's wealth, as the overhang of huge public spending threatened the Government's entire financial strategy.

3—The burden of high direct taxation on wealth creators must be lightened and corporate profits taxed on a realistic and not an inflated basis.

There was always a case for

4—Profits from efficient and competitive enterprise would have to be increased and the present counter-productive pattern of price control, which served to destroy profits, changed.

5—The persistence of restrictive practices must continuously be challenged.

6—Those who managed the country's investment institutions, including the City, must be encouraged to play a more active role.

7—A simple and imaginative plan for increasing the stake of ordinary citizens in the success of industry and in free enterprise needed to be produced. Employee participation in terms of cash as well as a share of information and commitment should be given a real and effective meaning.

## Dumping duties may be levied on presses

AN INVESTIGATION by the Department of Trade may lead to anti-dumping duties being placed on imports of multi-colour offset litho printing presses from Japan. The machines are sheet fed and capable of printing in two or four colours.

Japanese manufacturers of printing presses have recently made considerable inroads into European markets in competition with local companies. The anti-dumping complaint concerns one of the smaller types of presses available.

# Precision flying should reduce Concorde noise

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Aircraft Corporation has begun an intensive analysis of the results of the noise readings for Concorde at Heathrow last summer.

The aim is to work out flying techniques to reduce the number of likely infringements of the noise rules when the aircraft enters service on January 1.

In the crew-training of British Airways pilots being conducted at Concorde's flight test base at Fairford, Gloucestershire, considerable emphasis is being placed upon precision flying at take-off, so as to ensure that the aircraft passes over the built-up areas round the airport at the correct heights and speeds to minimise noise disturbance.

BAC and British Airways are also hopeful that when the new Concorde flight-simulator becomes available at the end of next month at Filton, near Bristol, this type of precision flying will be perfected much more swiftly.

BAC is taking seriously the damaging noise figures published recently by both the Department of Trade and the Greater London Council, which showed Concorde to be much noisier than many had expected.

Mr. Allen Greenwood, chairman of BAC, is in the U.S. for talks with the Federal Aviation Administration and the Department of Transportation.

on the Concorde noise issue.

The FAA is expected to issue its long-awaited final Environmental Impact Statement, upon which the Government will decide whether or not to allow Concorde to fly into U.S. airports.

The recently-published noise figures have caused the FAA some embarrassment, however. It is understood that the final EIS was originally intended to be broadly favourable to Concorde, but that the noise readings have delayed its publication while this attitude is reconsidered.

Mr. Greenwood's task is believed to be to try to reconcile the hostility to the aircraft in the U.S. among environmental groups over those noise figures, with the company's own view.

Critics of the aircraft remain sceptical, however, and yesterday the U.K. Noise Abatement Society suggested that Britain followed the example set by Japan, where a "noise levy" of approximately £2 per flight is already paid by every passenger.

"If the 20m. passengers using Heathrow paid such a levy," said Mr. John Connell, chairman of the society, "the money could be distributed among local authorities in the affected areas to enable them to grant up to 100 per cent. rate reductions and interest-free mortgages to those who wish to leave for quieter areas."

## Shopkeepers must pass on cuts in bread prices

FINANCIAL TIMES REPORTER

CUTS in the price a shopkeeper pays for bread must be passed on in full to the housewife, the Government ordered yesterday.

The order came seven days after three major bread-producers cut the price of standard 28 ounce loaves by 1p.

The Department of Prices and Consumer Protection said: "Retailers generally have been passing the reduction on to consumers, but this amendment makes it a legal requirement that they should do so."

Most small craft bakers produce "speciality" loaves and could not afford to cut their

prices by 1p, the National Association of Master Bakers said last night.

Mr. Fred Zimmerman, director of the association, said: "There is not scope for our members to cut their prices, unless there is to be a compensating amount of subsidy paid."

The industry was faced with increased wages and increased costs. The only relaxation had been a very small reduction in the price of flour, which by no means offset the flood of increases which had built up during the summer.



Mr. Richard Marsh, British Rail chairman, explaining the freight control console to Dr. Joel Gilbert, Minister for Transport.

# New rail freight system 'will pay in year'

BY CHRISTOPHER LORENZ

BRITISH RAIL'S new £16.5m. computerised freight control system will pay for itself within a year, Mr. Richard Marsh, BR chairman, claimed yesterday.

He said at yesterday's national inauguration of the new TOPS system (Total Operations Processing System), that it had already identified scope for reducing the wagon fleet by nearly 20,000, representing a capital replacement figure of at least £50m.

About 11,000 of the wagons had already been taken out of service. All these savings were identified before the system had been fully "cut over"—yesterday, Mr. John Gilbert, Minister for Transport, switched to the North-East area, completing the national network.

In addition, Mr. Marsh said, cash savings from reduced operating and maintenance

costs were already running at £3m. a year. Another substantial benefit, on which British Rail cannot yet put a figure, is the expected attraction of new traffic to what it plans will be a more efficient and punctual service.

Based on IBM computers, TOPS was developed from a system used by the Southern Pacific Railroad of the U.S. It links the London computer centre with 155 locations throughout British Rail's 11,500 mile network, giving continuously updated information about the whereabouts and "status" of every wagon in the fleet.

Local managers are now better able to recognise traffic priorities, cut out wasteful wagon marshalling, run bigger freight trains, improve punctuality, and respond better and more quickly to customers' needs, British Rail claims.

The system is used most to process information about the 300,000 wagons on British Rail network, but it is used to include parcels vans and locomotives. Questions by Mr. Ray Buckton, Association Society of Locomotive Engineers and Firemen, Marsh said that it could give management more information on train crew location which would lead to "a better use of resources."

Mr. Buckton later said British Rail not to use the system like "Big Brother" monitor the movement of way workers. "If the system is used to grease the amount of free being moved by rail... it is all to the good. But it is a tremendous investment and I cannot see it only being used for finding out where wagons are," said Mr. Buckton.

## Companies announce total of 200 redundancies

FINANCIAL TIMES REPORTER

THREE BRITISH companies yesterday announced a total of 200 redundancies. British Tylan products made 100 redundant at Tescott, Grimsby and London.

Drypool Group is to let 80 men go at its Hull riverside yard and two small Wolverhampton GKN plants are to close, putting 40 out of work.

British Tylan, which makes titanium pigments, said falling demand and rising costs were

to blame and added that it had been running at reduced output for most of the year. Prospects were such that savings had to be made immediately.

Drypool said the unions had been consulted beforehand, but at least 60 hourly-paid shipbuilders would have to go before Christmas.

GKN's two Cable Street plants are to close within four months "because of the economic situation."

## Cavity wall insulation gets a boost

Financial Times Reporter

TO HELP the drive for energy conservation, the Department for the Environment has relaxed regulations governing the provision of cavity wall insulation.

Under the Building Regulations, cavity wall insulation is a structural alteration and previously required relaxation of the regulations in each before work could be carried out. Now, however, a "relaxation" direction will be a significant proportion of work to go ahead without it.

The type "relaxation" or cavity filling of existing bc of up to two or three stories depending on the material, and the degree of exposure. Flats, maisonettes and houses with basements are covered.

A sigh of relief blew through the cavity wall insulation industry after the announcement. An industry spokesman said the new rules could Britain's fuel bill by up to £250m a year.

## Housing chief under fire

BY DONALD MACLEAN

A CALL for the resignation of Mr. Richard Balfe as chairman of the Labour-controlled Greater London Council Housing Development Committee, a post he has held for the past six months, is made by Mr. George Tremlett, opposition housing spokesman, in a motion for debate at the GLC meeting on November 4.

The motion, seconded by Mr. Horace Cutler, the opposition leader, calls for Mr. Balfe's resignation on the grounds of his alleged "mismanagement of the Elgin Avenue squatters problem."

and because he "deliberately misled the Council, the public and the Press."

The long-standing controversy over squatters in Elgin Avenue was partially resolved earlier this month with re-housing by the GLC. Mr. Balfe's statement that the squatters were provided with homes "which were not at the top of the waiting list," according to Mr. Cutler, "is blatantly untrue."

"Unusually, there will be, it is understood, no Labour amendment to the motion, which will be opposed as it stands."

# Company faces dilemma over appeal to EEC

BY KENNETH GOODING AND R. H. HERMANN

LIKE A VERY HOT potato, the abuse of market dominance by the Coal Board and that "the balance of interests of the two companies seem to warrant some interim measures," adding that it would rather the Court would take these measures.

But President Lecourt, sitting as a single judge, firmly refused to go into the business of price fixing. It was for the full bench of the Court to decide on the merits of the complaint.

If the Commission thinks that some measures are necessary to protect the two plants, while the complaint is considered, it has all the powers necessary to take them.

It should also define the security National Carbonising should provide for the event that it loses the main action on its complaint and the Coal Board would have to be compensated for the loss and damage suffered as a result of the interim measures. This is likely to make the whole proposition questionable for National Carbonising.

However, on October 15 it was told that the European Commission's Department of Competition had arrived at the provisional conclusion that there had been no abuse of dominant position by the Coal Board and no need for the Commission to intervene.

Disillusioned with Brussels, National Carbonising turned to Luxembourg to ask help from the European Court. It announced its intention to ask the Court to annul the Commission's decision, if indeed it was a decision, or to order it to take action if the communication received from it was no decision but only "information."

At the same time National Carbonising has asked the Court immediately, as an interim measure, to order the Coal Board to lower the price of coking coal or raise the price of coke, or alternatively to order the Commission to oblige the Coal Board to do so by decision.

The embarrassment of the Court was somewhat lessened at the last minute by a change of heart on the part of the Commission, which admitted that there was, after all, some small

abuse of market dominance by the Coal Board and that "the balance of interests of the two companies seem to warrant some interim measures," adding that it would rather the Court would take these measures.

But President Lecourt, sitting as a single judge, firmly refused to go into the business of price fixing. It was for the full bench of the Court to decide on the merits of the complaint.

If the Commission thinks that some measures are necessary to protect the two plants, while the complaint is considered, it has all the powers necessary to take them.

It should also define the security National Carbonising should provide for the event that it loses the main action on its complaint and the Coal Board would have to be compensated for the loss and damage suffered as a result of the interim measures. This is likely to make the whole proposition questionable for National Carbonising.

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The Department of Energy has restricted the rise in coke prices to 10 per cent. The National Coal Board's £170. As the Coal Board accounts for 85 per cent of U.K. coke market, National Carbonising had to fall into line.

The question which European Court will be asked to decide in the main proceedings is whether the Commission should be ordered to take action under Article 86 of the Treaty of Rome (establishing the European Coal and Steel Community) to provide that if a price or public enterprise uses market dominance contrary to the objectives of the Treaty, the Commission should make recommendations designed to remove such abuse.

And if these recommendations are not implemented within a reasonable time, the Commission is obliged to determine, in consultation with the Government concerned, price, and delivery programmes provide a remedy. In such situation the Commission of National Coal Board could be enforced by fines.

At this juncture, however, appears a doubtful whether National Carbonising will be able to take advantage of European Court's decision without incurring a risk greater than it probably can shoulder.

This risk follows from the fact that if it loses for damages, extending over several months of hearings before the European Court, National Carbonising will be far from the complaining company.

As the Coal Board estimates that the emergency aid which has been providing to National Carbonising since mid-September cost it just under £500,000, one can see that an unduly long delay in damages, extending over several months of hearings before the European Court, would involve quite staggering costs for the complaining company.

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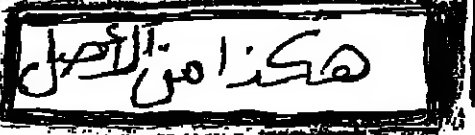
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Do this quick on-the-spot check in your factory today and find out to what extent your Company's wasting heat—and what you could do about it.

1. See if the operating controls of your heating system can be altered to achieve better control and distribution. Re-siting and a multi-time switch/thermostat arrangement could dramatically shorten the system's operating period without sacrificing anybody's comfort.

2. Review the operating temperature of the heating system. A reduction of a few degrees can result in very useful savings over the winter period – without anyone feeling the pinch.

3. As you walk through the factory, check if doors are open. Heat escaping this way costs a fortune, yet by installing automatic closures, screening, air curtains or personnel doors, for instance, you'd help keep the heat where it belongs – inside the building.

4. Inspect the roof, normally the greatest single source of uncontrolled heat loss. Uncontrollable ventilators, faulty under-glazing sealing strips and open jack roofs eat into company profits at the rate of £300 per sq. metre a year – and the cost is rising.

5. Check the temperature at roof level and compare it with the temperature at working level. A steeply-rising temperature gradient means excessive heat losses through the roof and inadequate heating for those working on the factory floor.

6. If you haven't done so already, consider which of your most competent engineers should be delegated the responsibility and authority for making specific savings in Company fuel costs – and make a point of regarding this important appointment as urgent.

If this brief random check shows you're wasting heat, get Colt carry out a full, comprehensive survey of your buildings absolutely free of charge. Our Area Manager will work out what your heat losses are and show you how the Colt Wastemaster system could help your company achieve what hundreds have achieved already – a saving of

up to 20% on factory heating bills. The survey could even include a study of the relative costs of operating your present fuel-consuming plant and purchasing new. (Frequently, savings can offset capital expenditure within 3 years.) Write or phone. If, after a survey, we promise to reduce your factory heating bills next winter, and don't, we'll pay them.

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## HOME NEWS

## CBI warning to PM on import control danger

BY ARTHUR SMITH

WARNING against the dangers of introducing import controls has been given by the Confederation of British Industry (CBI) to the Prime Minister in a letter last night.

The CBI expressed fears that if all the major economies of the world were to introduce import controls, there would be a danger of a "price explosion" in commodities.

The letter, which was described by the CBI as "very friendly," was also attended by Mr. James Callaghan, Foreign Secretary, Mr. Harold Lever, Minister of State for the Prime Minister, and Mr. Edmund Dell, Paymaster-General.

John Elliott, Labour Editor, writes: "Concern that the upturn in world trade on which Britain is relying for economic expansion seemed to be drifting further into the future was voiced yesterday at a meeting between Government Ministers and leaders of the TUC and the Labour Party."

This emerged at the first meeting of the TUC-Labour Party Liaison Committee since the CBI emphasised its position to support controls in order to protect the balance of payments. Instead, the CBI wants to see more positive action taken with allegations of dumping and of imports distorting individual sectors of industry.

A delegation argued against early reflation of the U.K. economy, pointing out that it is too early to judge the effectiveness of the Government's anti-inflation policy.

It is understood that the CBI and Mr. Wilson stress the need for an orderly expansion of world economy, so that it can be sustained.

## Gorb quits Board of Burton Group

MR. PETER GORB, who resigned in September as deputy managing director of Burton Group has now quit the Board of the company. He will receive compensation for loss of office of between £17,500 and £20,000—one year's salary—even though he has a service contract running to 1981.

It was announced in July—following criticism of Burton's management in a report on the company by stockbrokers J. and A. Seringour—that Mr. Gorb would be relinquishing executive responsibility to spend a year's sabbatical at the London Business School. It was suggested that his position as a director would be reviewed by the end of the year.

A spokesman for the company said that this review had taken place a little earlier than expected.

But he said that it had been mutually agreed that Mr. Gorb did not want to stay with the company, which no longer required his services. Although the announcement of a year's sabbatical might have suggested he would be returning to Burton, there was now "no likelihood of his coming back," the spokesman said.

## Windscale's well-known secret

NEWS ANALYSIS—NUCLEAR FUELS

BY DAVID HSHLOCK, SCIENCE EDITOR

PERHAPS only Mr. Wedgwood Benn, Energy Secretary, with his well-known predilection for "public participation," knows how it came about that the Press last week should suddenly show so much interest in what promises to be the U.K.'s biggest nuclear export contract.

Officials who have been negotiating the contract for Windscale for over a year, and believed that they were making public their progress and its implications at every step, are deeply discouraged to find themselves vehemently accused of "secret negotiations" and of trying to turn Britain into a "nuclear dustbin."

Secret the negotiations certainly were not—the Financial Times has been carrying progress reports for nearly a year. Neither was there any secrecy about the Government's stipulations, understood from the outset, that the Japanese should make a large advance payment—£150m. has been under discussion—and that Windscale should return to Japan the more highly radioactive waste if the Government so wished.

When the decision is taken whether and on what terms, British Nuclear Fuels might sign a contract expected to be worth some £300m-£500m. It will be a Government's decision, not Mr. Wedgwood Benn's.

At least four departments of government—Energy, Environment, Agriculture, Food and Fisheries, and the Foreign Office—are directly involved.

The decision may come early next month, in time for BNFL's next mission to Tokyo to meet representatives of ERG, the Enrichment and Reprocessing Group, acting on behalf of a number of Japanese electrical utilities.

## Unenviable

Windscale, Britain's seaside nuclear factory in Cumbria, hit the headlines 18 years ago this month when one of its nuclear "piles," progenitors of today's reactors, caught fire and blazed furiously for 24 hours.

No one was harmed—not even Mr. Tom Tuohy, the plant manager who gained an unenviable reputation as "the world's most experienced nuclear firefighter" when he handled the hose that eventually quenched the blazing uranium.

Inevitably, however, the event left Windscale with a lasting reputation.

Windscale was built as an ordnance factory to produce nuclear explosives, but, abruptly in 1952, the defence chiefs decided they had stockpiled enough plutonium.

The U.K. Atomic Energy Authority, which was operating the Windscale factory, promptly began the Herculean task of planning a civil reprocessing operation, the purpose of which would be to take the spent fuel from nuclear reactors, extract the plutonium and any other by-products that might be useful,

and recycle the unburnt uranium. With the development of Britain's first civil nuclear power programme through the 1960s, U.S. including the complete failure of a brand new \$80m. reprocessing plant built by U.S. General Electric, gradually convinced the experts that reprocessing oxide fuel would be a much more difficult problem than anticipated.

BNFL, the State-owned nuclear company which operates Windscale, expects that it will reprocess magnox fuel for the U.K. electrical utilities until the mid-1980s. It plans to spend £30m. just to "strengthen its capability" for magnox fuel.

Next year, however, the first of a new generation of nuclear stations will come into service in Britain. Whereas magnox reactors burn metallic uranium, the new generation will burn enriched uranium in the form of oxide.

This complicates matters in two ways, for the reprocessing factory—the chemistry is more complex and oxide presents novel and more troublesome problems with radioactivity.

## Radiation

Time was when BNFL believed that it could accommodate the problems by building what it called a "head-end" plant, to pre-treat the oxide fuel before feeding it into the existing magnox reprocessing plant. It ran into trouble two years ago when an unexpected chemical reaction puffed radioactive gas out of the plant. About 35 pro-

cess workers were exposed to radiation. This and other events in the U.S., including the complete failure of a brand new \$80m. reprocessing plant built by U.S. General Electric, gradually convinced the experts that reprocessing oxide fuel would be a much more difficult problem than anticipated.

Meanwhile, BNFL faced with the prospect of substantial investments in most phases of its nuclear fuel operations—but acutely aware that because of the sluggish pace of the British nuclear power programme in recent years these could not support commercial-scale operations—was striving hard overseas.

Reprocessing, in spite of technical problems, looked very attractive because of the company's long experience—about 25 years—and because all round the world, stockpiles of spent oxide fuel were accumulating.

The company began to plan a big reprocessing plant of about 1,000 tonnes capacity. Such a plant would have the capacity to meet not only Britain's domestic requirements until the 1990s but some of the shortfall in capacity overseas. It would cost around £300m., however.

Its main overseas target was Europe, where in 1971 it had set up a partnership with France and West Germany called United Reprocessors, pooling capacity to meet the requirements of other nations.

Both France and W. Germany now have plans on much the

same timescale to construct new oxide reprocessing plants of 1,000 and 1,400 tonnes capacity respectively.

Last summer BNFL was approached by ERG, Japanese law requires its nuclear reactors to make provision for the reprocessing of spent fuel before the plants are granted an operating licence.

The Japanese, with no prior experience, could not hope to construct reprocessing capacity on a timescale commensurate with their burgeoning needs for nuclear power.

The contract they were discussing would be worth £300m-£500m.—easily the biggest nuclear export contract Britain has ever looked like winning. Much of the cost would be in transporting the fuel to Europe.

Discreet discussions with the Government last year elicited guidance on the minimum requirements it might accept. These had not applied to some 700 tonnes of overseas fuel already reprocessed at Windscale, but the Japanese accepted the terms.

The Government has stipulated one further requirement: Should BNFL fail to devise a satisfactory way of solidifying the waste—an integral part of the design of the new reprocessing plant—the contract shall have a "break clause" allowing the company to renege. This, too, is acceptable in principle to the Japanese.

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## Threat of injunction in tussle over FMC

STEWART FLEMING

ES Investment Trust, which between 1 and 2 per cent. equity of FMC, has sent a letter to the chairman of the Exchange and the Take-Over Panel warning that it may bring an injunction to prevent the FMC Board from buying the NFU Development Trust.

NFU Development Trust, which owns 40 per cent. of the capital, has proposed that directors of FMC including Mr. Shires should be replaced by shareholders. Shareholders are asked to vote on these proposals at the annual meeting on November 3.

A letter to the Financial Times from Mr. R. M. Clarke, deputy chairman of Shires Investment Trust, says that there can be no objection to a large shareholder using his influence to improve the efficiency of his business.

In this case, however, the shareholder is to all intents and purposes, a representative of the main supplier to the company. Are we honestly

to believe that the NFU Development Trust nominees directors will not, on certain occasions, find themselves incapable of reconciling their conflicting duties?

Mr. Clarke concludes by saying: "The matter is in our view clearly in breach of the spirit of the take-over code, and the Take-over Panel is unable to see its way to act in this case then we, as shareholders, may consider that more effective remedies lie by way of injunction and action under Section 210 of the Companies Act 1949."

It is understood that Shires Investment Trust has already put forward proposals to the Development Trust's advisers suggesting that two independent non-executive directors should be appointed to the FMC Board, one of whom might be Mr. Robin Mills, a stockbroker, who is already a director and is standing for re-election, rather than accede to the Development Trust's proposals.

Letters, Page 21

## Scottish newspaper accused of 'commercial ineptitude'

MICHAEL THOMPSON-NOEL

SCOTTISH Daily News, the controlled newspaper, was accused yesterday of "commercial management ineptitude" in a letter to the Royal Commission on the Press in Scotland.

Attack came from Mr. Ross, chairman of the Advertising Association, who was replying to a letter from the Scottish Daily News in which Mr. Ross was replying to suggestions that the advertising industry had not given enough support to the newspaper in its early days.

Mr. James Whitton, of freed accountants Coopers & Lybrand, who is the newspaper's provisional liquidator, is in a report whether any of the sh Daily News have come.

It was said that the paper was insolvent and £20,000 a week. Mr. Robert Ross is thought to be one of the few interested parties who have made a profit from the paper's early days.

Mr. Ross, in a prepared statement to the Commission, came out strongly against the idea of an Advertising Apportionment Board.

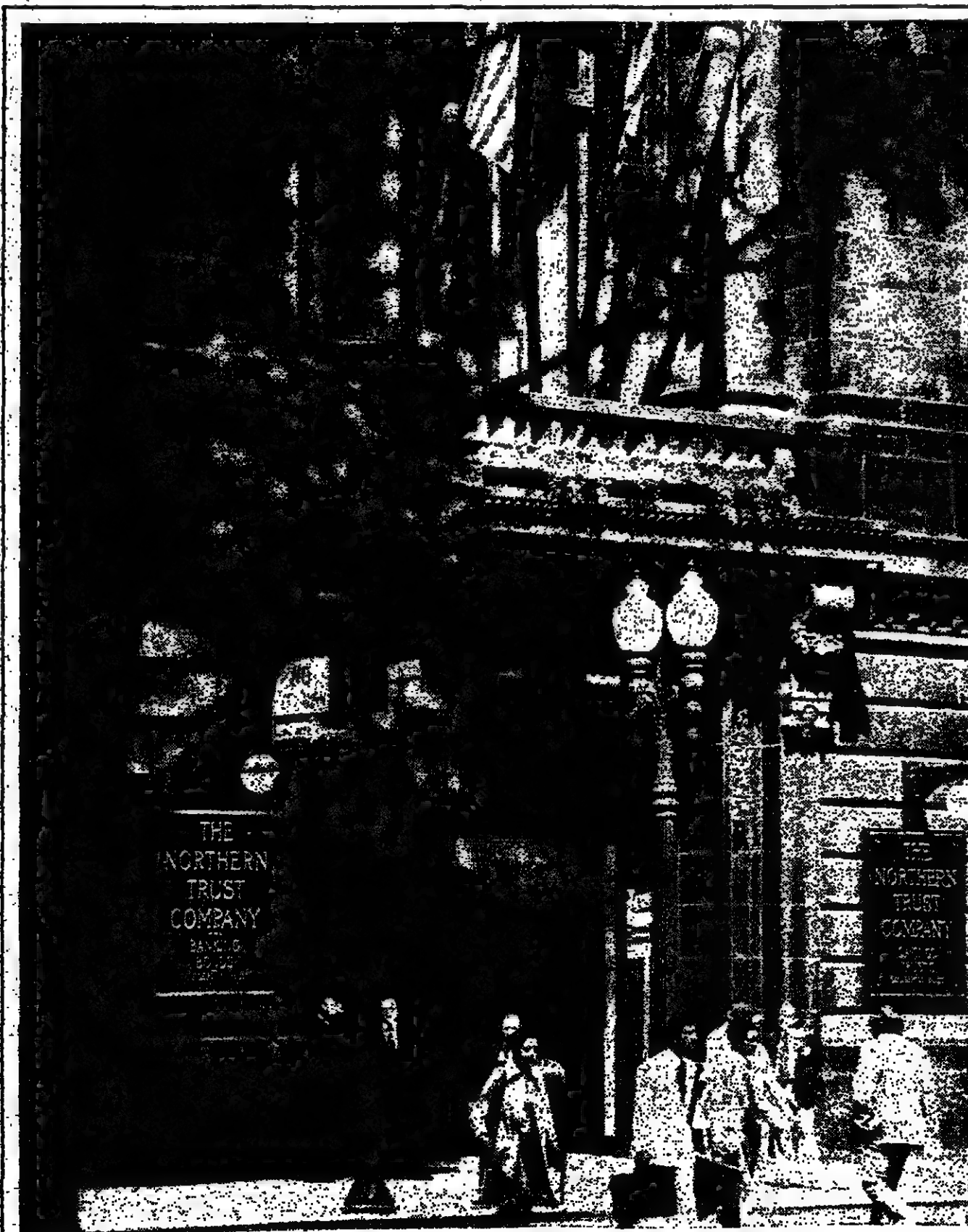
## Scottish Tories want free vote on assembly

CHRIS SAUR

MEMBERS OF THE Conservative Party in Scotland yesterday suggested that the Government's proposal for a Scottish Assembly be dealt with in much the way as Parliament handled the Bill dealing purely with legislation of the EEC.

Russell Fairgrieve, the new chairman in Scotland, said that the Conservatives' intention in creating a by-election in Scotland could mean that the Party would accept the use of a "veto" in Scotland in a referendum in Scotland in which the majority of the Government's Bill was obstructed.

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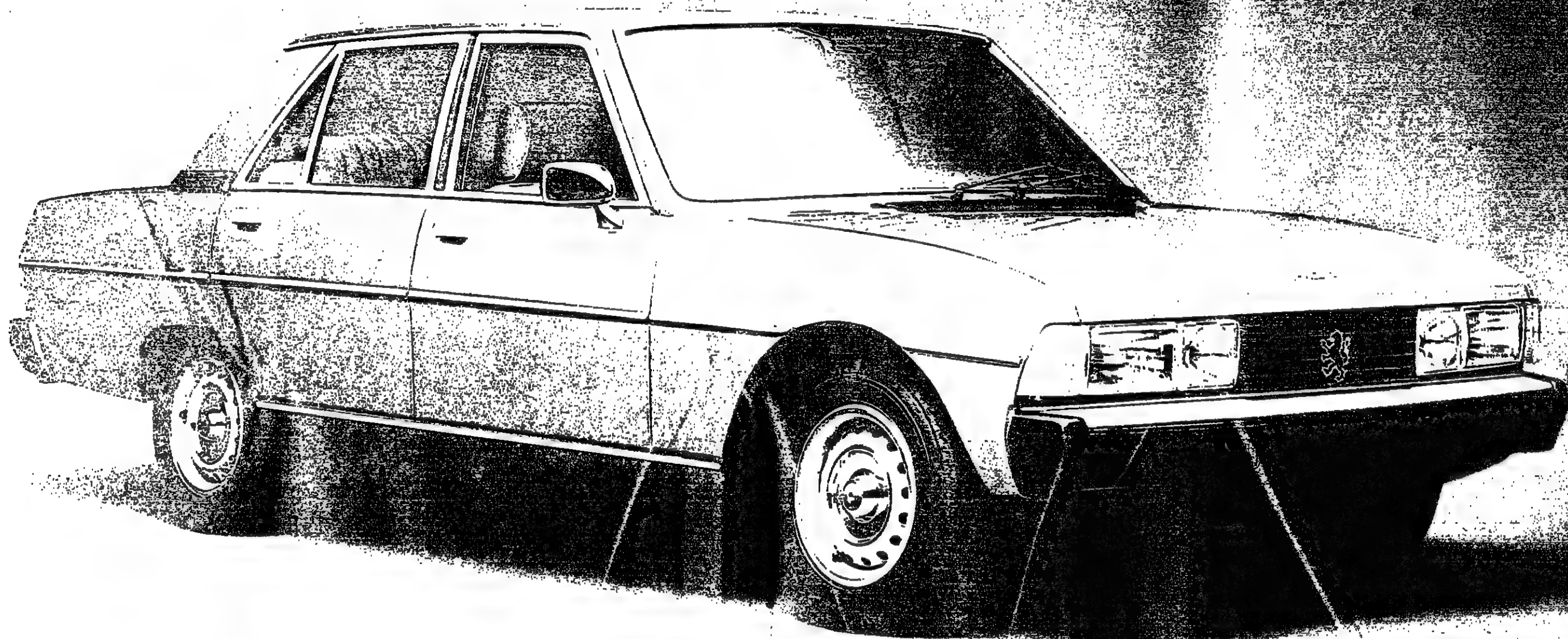
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# Mercedes? BMW? Jaguar?



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In the world of executive motor cars, certain names are synonymous with power and luxury.

Mercedes, BMW, and Jaguar are among them.

Now, they're joined by another.

It's not a new name, since it has been in existence longer than any other in the industry.

But it's one which has built a supreme reputation for quality and durability.

The name is Peugeot. The car is our brand new 604. And the result is a European executive saloon which sets new standards of comfort, silence and luxury.

### Our three criteria

When we sat down to design our new 604, three criteria were uppermost in our minds.

We wanted technical sophistication. We wanted silence. We wanted luxury.

Look over the car with us and we'll show you how well we succeeded.

Let's start with our *gamme riche* paintwork. It's smoother and glossier than an ordinary car because it's built up from 6 hand sprayed coats of rich metallic paint.

When these are finished to our satisfaction we coat the car with an incredibly tough transparent varnish.

The effect is to deepen the colour, and protect it against grime and grit.

Further down, behind the ventilated wheels, are four power assisted dual circuit disc brakes.

Behind them is the kind of co-ordinated all independent suspension system which makes this Peugeot one of the most comfortable high performance saloons in the world.

And mounted flush with the slim, black grille are four brilliant halogen headlamps, each with a separate independent function.

### A feeling of space

Inside, the mood is pure luxury. Luxury, combined with an almost uncanny feeling of space.

You'll find the kind of leg and shoulder room, for example, that you'd normally associate with a limousine.

And on top of this spaciousness, careful ergonomic design and top quality materials combine to cut interior noise and driver stress to a minimum.

Steering is via a power assisted rack and pinion system. Light, but with plenty of feel.

Speedometer, tachometer and matching quartz clock are housed behind a non-reflective glass screen.

Each window is discreetly tinted to reduce glare, and all four side windows are electrically operated.

Sumptuous, orthopaedically correct reclining seats have built-in head restraints and are covered with choice hide or rich velours.

When hide upholstery is selected, a push-button electric sunroof is also fitted.

Individual interior lamps allow rear seat passengers to read in comfort.

And inertia reel seat belts, standard fitting for the front seats of the 604, retract neatly into the door pillars.

### Smooth, silent, tireless

Under the bonnet, there's a whole new story.

We developed the 2.7 litre V6 engine especially for our 604: in consequence it is powerful, tireless and smooth as a turbine.

To balance the car properly—and thus allow it to handle like a sports saloon—we built this engine of pressure cast aluminium.

Its two overhead camshafts and compound carburetors allow it to deliver 136 bhp with a minimum of fuss and a maximum of fuel economy (between 21 and 23 mpg overall, depending whether automatic or manual transmission is chosen).

And the two alternative transmission systems developed by our engineers exclusively for the car, allow Peugeot drivers to enjoy the kind of smooth, quiet progress which has made our name synonymous with silence for eighty-five years.

### A symbol of success

You'd expect a 114 mph European express like the 604 to be a safe car.

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For us, it's a symbol of success.

For the relatively few people lucky enough to own one, we believe it will provide tangible evidence that success breeds success.

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The better built, more reliable car

The 604 range starts at a modest £4,600 for the manual gearbox version with velours upholstery and extends to £5,242 for the SL model with automatic gearbox, electric sunroof and hide interior. For the full story on the 604 V6 SL, send this coupon to The Marketing Services Director, Peugeot Automobiles (UK) Limited, Peugeot House, Western Avenue, London W3 0RS. Telephone 01-993 2331.

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A. B. Motors (Hemel Hempstead) Ltd., Hemel Hempstead, Tel: Hemel Hempstead 257 or 819  
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Henry Motor Insurance (Aylesbury) Ltd., 159 Ting Road, Aylesbury, Tel: Aylesbury 81026  
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Foster & Sons, 21, 23, 25, 27, 29, 31, 33, 35, 37, 39, 41, 43, 45, 47, 49, 51, 53, 55, 57, 59, 61, 63, 65, 67, 69, 71, 73, 75, 77, 79, 81, 83, 85, 87, 89, 91, 93, 95, 97, 99, 101, 103, 105, 107, 109, 111, 113, 115, 117, 119, 121, 123, 125, 127, 129, 131, 133, 135, 137, 139, 141, 143, 145, 147, 149, 151, 153, 155, 157, 159, 161, 163, 165, 167, 169, 171, 173, 175, 177, 179, 181, 183, 185, 187, 189, 191, 193, 195, 197, 199, 201, 203, 205, 207, 209, 211, 213, 215, 217, 219, 221, 223, 225, 227, 229, 231, 233, 235, 237, 239, 241, 243, 245, 247, 249, 251, 253, 255, 257, 259, 261, 263, 265, 267, 269, 271, 273, 275, 277, 279, 281, 283, 285, 287, 289, 291, 293, 295, 297, 299, 301, 303, 305, 307, 309, 311, 313, 315, 317, 319, 321, 323, 325, 327, 329, 331, 333, 335, 337, 339, 341, 343, 345, 347, 349, 351, 353, 355, 357, 359, 361, 363, 365, 367, 369, 371, 373, 375, 377, 379, 381, 383, 385, 387, 389, 391, 393, 395, 397, 399, 401, 403, 405, 407, 409, 411, 413, 415, 417, 419, 421, 423, 425, 427, 429, 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Tuesday, October 28 1975

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## HIGHLAND REGION

After years of being a burden on the Scottish conscience, the Highlands and Islands have been presented with new opportunities by the discovery of North Sea oil.

## Oil gives new life

ITORS TO the Inverness Islands Development Board often intrigued by the maps of Scotland they see in some of the Board's offices. Because of the huge maps have had to be on their sides. There is nothing appropriate about the crazy perspective which it gives of the overvalued industrial belt of Scotland up to where the empty quarters between Western and Cape Wrath ought to

After all, in historical terms, the Highlands and Islands have been a burden on the Scottish conscience not only because of the memory of how the region drained to man the industrialisation of the Central Lowlands, but also because of the ering legend of the brutal with which the "Improving Hordes" of the early 19th century cleared the people there make way for sheep.

Now, as it happens, most of the real drama of Scotland's industrial opportunities emptiest areas—bigger than Wales, with a population of only 175,000 if you take the land, but in the invigorating spaces of the Highlands, stered by the mainland local the last decade and a half the region has accommo-

dated some of the most glamorous industrial investments made in Scotland—a large pulp and paper mill at Port William; fast-breeder nuclear reactor at Dounreay; an aluminium smelter at Inverclyde; three of the largest oil platform yards in the country on the Moray Firth, and at Loch Kishorn; and a major oil engineering yard at Stornoway. Even more incongruously, the little Northern Isles no longer languish in the public mind like an afterthought in some cartographer's box, vaguely off the Moray Firth, or the Aberdeenshire coast, with their links to the giant oilfields of the northern North Sea, and some 270m. of oil-port investment immediately in prospect.

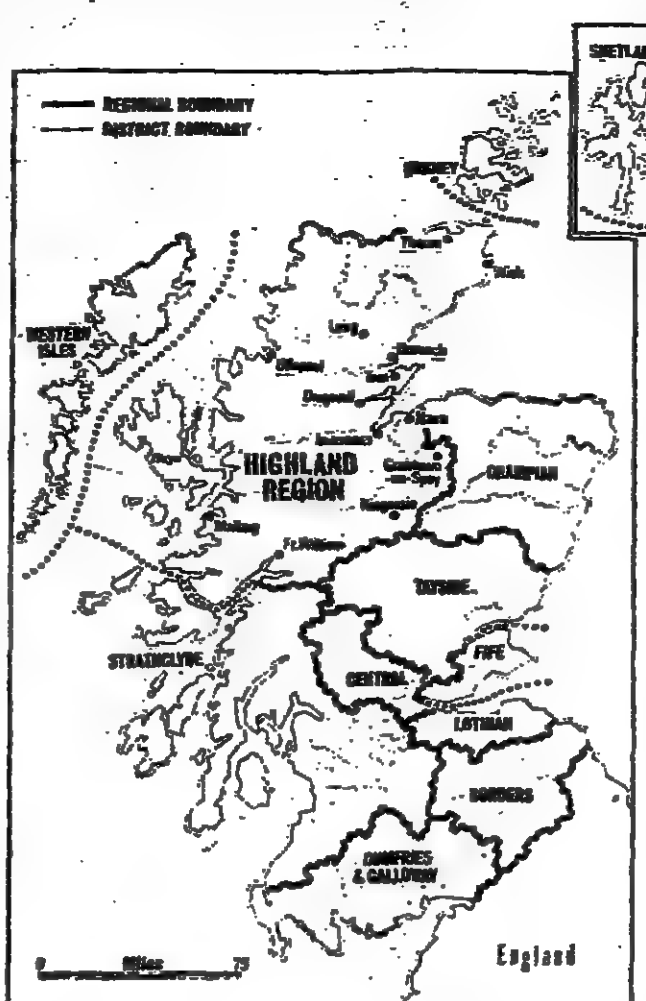
The area has developed its most important new focus expansion on the Moray Firth where, largely because of the developments associated with the discovery of North Sea oil, the population targets that looked ludicrously speculative ten years ago, now seem much more likely to be accomplished. In addition, even before the discovery of oil, it was clear that the Highlands taken as a whole were on an improving economic track, thanks in large measure to the £21m. worth of selective assistance pumped into industrial and other developments by the HIRB since its creation in 1965.

Yet there are formidable obstacles. The vast region is one of Europe's largest and emptiest areas—bigger than Wales, with a population of only 175,000 if you take the land, but in the invigorating spaces of the Highlands, stered by the mainland local the last decade and a half the region has accommo-

## Remote

The region is also physically remote from the big domestic markets. This necessarily restricts the industry it can profitably pursue, to manufacturers of small-bulk, high-value goods, in which ideally transportation costs would represent a small proportion of sales value. The presence of the big oil engineering projects is something of a mixed blessing in attempting to attract such ventures. They have provided the region with unrepeatable opportunities to win the resources for improving its infrastructure, and this is bound to ease the task of industrial promotion generally.

On the other hand there is a clear danger that the oil yards, because of their size, could become a barrier to industrial diversification. Already in the past year, the Highlands' better than the national performance in lowering unemployment and reversing formerly punitive emigration rates, has concealed the fact that demand for labour from the dominant oil sector has made it virtually impossible to



spect, more difficult.

It is not yet certain, either, to what extent the big platform projects, promoted with such vigour on the Moray Firth and at Loch Kishorn, will continue to be relatively insulated businesses, or will alternatively become magnets for subsidiary investments by regular suppliers. The pressure that they have exerted on local resources has sparked some startling developments—the expansion of the Inverness builders, Hugh Macrae from 100 employees to 700 has been a direct consequence of the burgeoning private and public housing markets in Easter Ross, Inverness-shire and Aberdeenshire.

But there is still only highly tentative evidence of the big yards attracting sub-contractors and specialist suppliers. Indeed, if anything, one has seen a good many predictions about the growth of marine-based engineering back-up industries coming rather spectacularly un-tuck. Not all these suppliers will necessarily have the same acutely specialised local requirements which brought the platform yards north in the first place. This is not to say, however, that such ancillary developments will not eventually take place. In an area which is already handling large-scale alumina shipments to British Aluminium's smelter and which could become involved in big oil refinery traffic as well. It was clearly wise to establish the Cromarty Firth Port Authority to oversee marine developments along the potentially attractive north shore of the estuary from Nigg, west beyond Invergordon.

It showed similar foresight almost ten years ago and long before the possibilities of North Sea development were generally envisaged, to designate the

Moray Firth as the Highlands' principal growth area, and to prepare the basic planning strategies which then described the area's capacity to quadruple its population to nearly 300,000. Whether one now takes a pessimistic view (as a recent Aberdeen University study has done) or an optimistic view (as local development agencies do) of the durability and influence of the oil projects concentrated in the Moray Firth, there appears to be a broad measure of agreement that they will have been instrumental in creating up to 10,000 new jobs in the ten years to 1981, with population growing by perhaps 20,000 to around 111,000.

## Growth

The region is visibly on the move. The problems it has at its front-line location on the Moray Firth—the risks of an unbalanced over-reliance on oil-related industry, and of creating there a new vehicle for depopulating remoter areas of the Highlands and Islands—are essentially problems of internal growth rather than of the decline to which the entire region had been used. Nor has growth been confined to the Moray Firth. Between 1971-74, ten of the 17 sub-areas and island groups surveyed by the HIRB showed population gains of 4-12 per cent, while only three registered decreases. Unemployment, which throughout the 1960s averaged twice the Scottish level, has been brought close to the Scottish total in the last three years.

The work of the Highland Board has been a significant contributory factor to these improvements. Since 1965 it has approved assistance

totaling £21.8m. In turn attracting private investment totalling over £28m. The bulk of the Board's assistance has gone on tourist, manufacturing and fisheries projects, resulting in new employment of 10,300. Although this is a relatively small annual outlay compared with the gigantic single investments made in the main oil-related enterprises, it has been of immense value in selectively strengthening the employment base of the region. The multitude of ventures, ideally employing between 20-300 people, which has either been sustained or created with this assistance, can often determine the viability of small, remote communities.

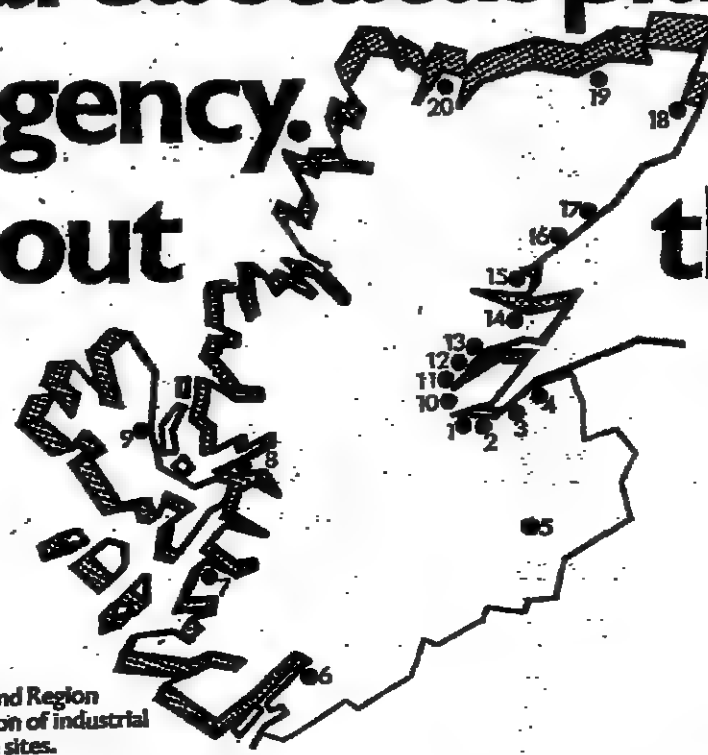
Moreover, the breathing space which the arrival of oil-related industry has afforded, is now giving development authorities a greater opportunity to concentrate on those areas by-passed by new development of any sort—like South Argyll, Skye, parts of Lewis and Harris, Caithness and Sutherland. This process is undoubtedly being assisted by the recent reorganisation of local government. The creation of a single Highland Regional Council should lead to greater co-ordination of physical planning, and a consequent subduing of some of the more unhelpful rivalries—for instance between the opportunism of Easter Ross and the conservatism of Inverness—which have made it less easy to spread the impact of Moray Firth growth.

The new local government set-up should also facilitate the improvements to communications which, in the end, are the essential means by which the region can capitalise on its newfound credibility as an industrial location.

Chris Baur

Scottish Correspondent

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## HIGHLAND REGION II

# Major tourist centre

TOURISM is the Highlands' largest money spinner and employer of labour, probably ahead of even gas and oil. It is a £70m-a-year industry employing 10,000 people full-time and many more part-time. It is host to an estimated 2m. visitors a year, between 17 and 19 per cent from outside the U.K., about half the foreign visitors coming from the U.S. In other words, tourism is not only the major source of income for the Highlands but a substantial contributor to the U.K. balance of payments as well.

Not surprisingly the expansion of tourism is a major priority for the agencies concerned—the Scottish Tourist Board, the Highlands and Islands Development Board (the two co-operate closely) and the new Highland Regional Council which employs an official solely for the promotion of tourism.

Tourism has attracted the largest single amount in loans and grants allocated by the Highlands Board for all purposes since its inception late in 1965 up to the end of July this year. The £7.6m. provided

for tourism, two-thirds of it in grants, amounted to more than 30 per cent of the Board's total support for Highland development in those ten years, with £1.25m advanced last year alone.

The four main principles underlying the efforts of the two Boards, Scottish and Highlands, are the extension of the tourist season beyond the peak summer months, so making the industry more viable; to develop new markets in England, Wales, Europe and elsewhere overseas; to expand the existing facilities, from improved and expanded accommodation to recreation such as angling, pony-trekking, marinas, golf, skiing, climbing, sailing, cabin cruising; and to spread tourist traffic beyond the main Inverness Speyside area.

At present these two districts account for more than 40 per cent of all visitors to the Highlands.

Hotel occupancy rates computed in studies carried out by the Highlands Board and the Scottish and English tourist boards, underline the first point of this overall strategy. The

studies emphasise the peaks and troughs—the very high occupancy rates in the peak months of June to September in the Highlands compared with the more even distribution of visitors in the rest of the country.

### Campaign

To reduce the gap between the extremes, the Board and its allies such as the Scottish Tourist Board, the transport authorities, travel agencies and Highland Tourist (Cairngorm Development), the private company which owns the Aviemore Centre, are conducting a campaign to ensure all-the-year-round utilisation of facilities. Offerings include the off-season Holiday-Card for the spring and autumn months providing for reduced charges in hotels, shops and other facilities; the rail Travelpass combining cheaper fares with cut-price accommodation; package tours, including winter holidays for skiing, golfing, walking, climbing or just resting with various forms of entertainment thrown in.

Speyside is perhaps the focal point of the campaign, built around the Aviemore Centre, a £3m. complex claiming to be among the leaders in Europe. It offers three large hotels, a chalet motel and, early next year, a further complex of self-service chalets comprising 66 units.

There are plans, too, for building additional chalet blocks of a similar size, consisting of a further 96 units. Founded by a consortium of Scottish businessmen headed by the late Lord Fraser of Allander (its present chairman is Sir William McEwan Younger, formerly of Scottish Newcastle Breweries), the company is spending a further £350,000 on new facilities. These include "Santa Claus Land"—an amusement complex for children as well as adults open throughout the year and due to open next month with a "craft centre" exhibition and workshops, among others.

The Aviemore centre also includes a shopping precinct, a theatre, an ice rink and other recreation facilities. It has

already gained, some profit. The second is the Ben Wyndham project, a much more ambitious and costly—enterprise for all—the year-round holiday centre along Aviemore.

The Highlands Board's strategy is to concentrate on travel and other specialist fairs, mainly in Europe but also in England; the Manchester and London Boat Shows are an example. Basically, this year's Aviemore travel fair is to be followed by a similar one in Inverness next March. Brochure campaigns publicising both off-season package holidays and the existing and new recreation facilities supplement the Board's marketing drive.

Finally, to popularise some of the up to now less frequented areas, package golfing holidays are being offered in the spring and autumn in Easter Ross, Sutherland and Kintyre as well as the Spey Valley.

Again, restrictions on public expenditure have delayed decision.

The second is the Ben Wyndham project, a much more ambitious and costly—enterprise for all—the year-round holiday centre along Aviemore. Its prime function would be a ski resort as the mountain believed to have snow conditions more reliable and long-lasting than the Cairngorm. One commodity being off by the Highlands promoter holiday-makers need not search for the sun in the political troubles of countries like Ireland (North and South) and Portugal are thought to work in favour of the Highlands, particularly access by air, road, rail and is being improved.

It is being pointed out that the Highlands and Islands have around 40 airfields and are being offered in the spring and autumn in Easter Ross, Sutherland and Kintyre as well as the Spey Valley.

### Support

The Highland Regional Council has two projects, in the blueprint stage, in hand. One, costing £320,000, would utilise an old railway station at Strathpeffer, in Easter Ross, for a series of craft work shops, with demonstration facilities. The project, in which the council would be joined by the Highlands Board and the Countryside Commission is at present awaiting Government approval and financial support.

The marketing of the Highlands as a tourist centre being supported by a series of studies, some undertaken by the Highlands Board on its own jointly with other organisations concerned with tourism. In addition to hotel occupancy and Ben Wyndham studies already referred to, joint studies in progress include a general one on tourism, recreation in Scotland, existing and potential tourism on far crofts and estates, and win sports facilities.

Andrew Hargrave

# Food production

FOOD PRODUCTION from the land and the sea, has been a traditional mainstay of the Highland economy. But it has also been a precarious one, with little in reserve and the livelihoods of thousands of farmers, crofters and fishermen sensitive to an extreme degree to the vagaries of market forces beyond their control.

Two examples, far removed,

illustrate this point. The depletion of herring stocks off the West Coast of Scotland has brought about a voluntary and drastic, if reluctant, cut in catches, with as yet unforeseen consequences for this section of the Highlands fishing industry, while the inability of hill and upland farmers to feed their livestock off their own land has resulted in premature slaughter and a sharp reduction in prices.

Price fluctuations within the Common Agricultural Policy have also undermined what security there was among the farming community of the Highlands: nor is the constant and as yet unresolved argument over fishing limits encouraging a feeling of confidence among the fishermen.

Finally, the arrival of North Sea oil and gas has in certain places, particularly near platform building sites in the Cromarty Firth and Loch Kishorn, on the West Coast, become a serious competitor for labour, at a time when income from farming and fishing has suffered and as costs continue to soar.

The impact of these factors on the Highland economy may be gauged from the fact that about a quarter of the total working population is employed, full-time or part-time in the primary industries, including forestry.

### Concern

In its latest report, the Highlands and Islands Development Board, makes no bones about its concern. "Given that about 90 per cent of the region's gross agricultural output normally relates to livestock and livestock products, much of which comes from cattle and sheep rearing, a recession in the livestock sector has serious implications for both agriculture and the regional economy," the report says.

Although prices for fat cattle and sheep have improved somewhat since last year's collapse, the problem of feeding has remained. The expansion of livestock since the late 1960s has not been matched by an equivalent increase of fodder—the winter keep—which has led to the importation of fodder at a high cost. This has in turn led to premature slaughtering and the consequent drastic reduction in the price, which has undermined further the community's ability to conserve winter keep and, so lessen its dependence on imported fodder.

Nevertheless, the Highlands Board seems optimistic about the long-term prospects for the livestock industry and, says the report, it is "determined to continue assisting in expansion, even if it meant some adapta-

tion and augmentation" of existing policies. Its recent study on the ten-year impact of the Board's help to Highland agriculture is at present being discussed with the Scottish Office.

One aspect of the Board's contribution is the study of land use which may involve the combination of forestry and agriculture in a particular piece of land. The Island of Mull, off the West Coast, has been a particularly favoured spot for such studies, which included not only combined land use but also the marketing of products. As it affects not only the local community but also other authorities such as the Forestry Commission, the implementation of the Board's proposals has on occasions run into difficulties.

To reconcile the objectives of forestry and farming is not always feasible, particularly as the Forestry Commission (which owns the greater part of woodland in the Highlands) has to buy land for planting when it becomes available, at prices which it finds reasonable.

Forestry's contribution to the economy of the Highlands is impressive, considering that the region holds by far the greatest part of Scottish woodland (which, in turn, comprises over 40 per cent of all forests in the U.K.). The Forestry Commission's own estimate for Scottish softwood production this year is 1,280,000 cu. metres (compared with 1,654,000 cu. metres in 1970), a substantial saving on imports for timber-using industries such as the major pulp and paper mill at Fort William.

As already indicated, the almost exclusively inshore fishing industry of the Highlands has not escaped the crisis which has led to demonstrations and port blockades in other parts of the U.K., including Scotland.

To preserve dwindling stocks, West coast fishermen accepted earlier this year a recommendation by international marine scientists to cut catches from last year's 205,000 tonnes and this year's 109,000 tonnes quota to 66,000 tonnes next year. Through the Herring Industry Board, there is at the same time pressure on the Government to impose a 50-mile limit, unilaterally if necessary, and ban altogether fishing for young herring.

The result of this self-imposed restraint is reflected in this year's catches so far. In the first seven months, the catch, including sprats, dropped from 1,268,182 cwt in the same period last year to 918,360 cwt. Its value fell even more sharply, from £6.5m. last year to £4.1m.

The value of catches of white fish and shellfish in the Highlands and Islands also declined in the first seven months of this year, though less drastically

that of white fish from £4m. in the same period last year to £3.5m. and of shellfish from £1.5m. to £1.2m. The collapse of white fish prices is demonstrated by the fact that while the volume of catch actually increased from 713,585 cwt in the first seven months of last year to 717,945 cwt in the same period in 1973, their value declined.

Nevertheless the past few months have seen a revival in white fish prices and a revival in the U.S. market which was virtually closed to Scottish fish last year, no doubt influenced by the influx of cheap Japanese fish as well as the transport strikes. On the other hand, confidence in the long-term prospects of the industry has not yet returned. Boatbuilding is at a virtual standstill, affected not only by the uncertain future but also by the soaring price of fuel and, in some places, shortage of crews.

### Secure

As on the farms and crofts, labour is particularly short in the vicinity of large installations supplying the oil industry and the supply ports to the rigs. An example is the village of Arbroath, in the Black Isle, Cromarty Firth, where fishing had until recently been the sole career for young people: now only a very few join the fishing fleet, while better-paid and at least temporarily more secure jobs are available on rig supply vessels.

One still largely unexplored but potentially vast source of fish is the blue whiting, at present the subject of debate between the Scottish Office and the Highlands and Islands Development Board. The argument apparently revolves around the method of exploiting the grounds some 200 miles off the West coast of Scotland, holding anything between 5m. and 15m. tons of fish, which could be depleted at a rate of about 20 per cent per year.

The fish, rich in protein, is destined largely for fish meal, which could save as much as £50m. a year in imports. On the other hand, the fish functions in very deep waters (up to 200 fathoms) and to explore both the grounds and its habits, substantial research vessels of 85 feet in length, each costing £200,000 and operating all the year-round, are being proposed by the Highlands Board.

If experiments confirmed the economic value of the grounds, blue whiting could lead to a major new source of income for Highlands fishermen as well as to many new jobs in fish processing.

Andrew Hargrave

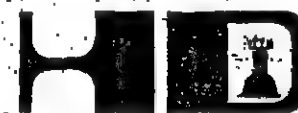
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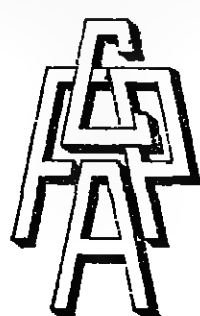
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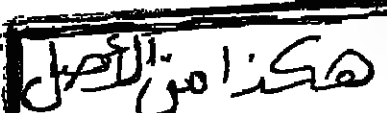
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# Big investments in industry

THE FACE of it: there has been an accelerating transfer of the industrial character of the Highlands in the past years. It began with the establishment of the £20m. pulp and paper mill at Fort William, then reputedly the largest single industrial investment ever committed to the region. It has since moved the region's present emergence as arguably the most important U.K. location for manufacturing the major items production equipment needed for the North Sea oil industry.

This stretch of development encompassing such large projects as British Aluminium's 1m. smelter at Invergordon, Atomic Energy Authority's unrivalling fast-breeder reactor, three massive "greenfield" investments in oil platform-building sites—has radically altered the region's economic aspects.

At the same time, however, the arrival of these vast projects has highlighted a secondary and perhaps critical need for the introduction of a tertiary strand of smaller manufacturing enterprises. The region's industrial infrastructure has become somewhat sidled in its dependence on few dominant prestige projects, while its capacity for generating growth remains very weak.

The big industrial projects given the Highland Region invaluable have up several the first rungs of the growth ladder, and have brought particular areas of this huge hinterland into the mainstream of new technologies. If it were stop there, however, the region would simply face in a decade the prospect of rising unemployment (its oric twin curses) from the loss of the higher population now being achieved. In industrial terms, the Highlands needs to spread its risk.

## Influence

or the predominantly main Highland Region, and for three principal islands (Shetland, Orkney and Western Isles) which are clustered by separate local authorities, the major influence of the last four years has been that exercised by the North Sea oil industry. This has been characterised by the establishment of oil platform building facilities and pipeline-jacking facilities in the Moray area, and in the West Highlands, service, oil storage and trans-shipment facilities in Northern Isles, and

engineering and service facilities on Lewis.

Two platform yards have been created in the Moray Firth. Almost simultaneously, the Anglo-American partnership of Brown and Root-Wimpey, and the wholly American company J. Ray McDermott, built large steel fabrication yards at Nigg, Easter Ross and Ardersier, Inverness-shire, respectively. The two groups have adopted somewhat different approaches. The Brown and Root-Wimpey consortium operating under the name Highland Fabricators, spent some £25m. on a massive graving-dock at Nigg. From there it has delivered two platform jackets—for BP's Forties Field, and is now building a third for the same company, to be installed on the Ninian field.

Highland Fabricators invested a considerable sum as well in a steel mill, aimed primarily at producing tubulars. It has recently announced the commitment of another £1m. in the provision of a new metallurgical department, the extension of maintenance and fabrication shops and the provision of new cranes.

Although the Nigg yard is clearly capable of a wide range of steel fabrication work, McDermott at Ardersier has perhaps more obviously planned its project as a general fabrication facility, dealing with relatively small auxiliary contracts, as well as those for major steel platform jackets. This was illustrated recently by the award of the first "package deal" oilfield contract to McDermott, in which the company will provide not only the platform jacket for Union Oil's Heather field, but will manufacture the piling, decks and accommodation and equipment modules as well. The yard has already delivered a major platform jacket to Occidental for its Piper field.

A second distinction appears to be that while McDermott's envisages a market wholly in steelwork, Highland Fabricators is planning to bid for work based on its "hybrid" design of platform, using both steel and concrete technologies.

During the past year industry and Government plans for meeting expected demand for these concrete structures have been virtually completed. The creation of four new construction sites, using the West Coast's deeper water, has been approved and one of these is at Loch Kishorn, Wester Ross, where the Anglo-French Howard-Doris partnership is constructing a £80m. platform for the Ninian field.

The 800-job project on this remote site will be serviced almost wholly by sea, though

some 100,000 tonnes of material will be brought near the site by a railhead at Stromness. The virtual "guarantining" of the Kishorn development has permitted the use of the essential deepwater facilities of the West Highlands, following last year's rejection of a more controversial proposal for a concrete platform yard by the John Brown-Taylor Woodrow consortium, at the nearby hamlet of Drumblair, Loch Carron.

Further activity in that area has also been guaranteed by the Government's designation of the Inner Sound of Raasay as a control area within which contractors building concrete structures both at Loch Kishorn and in the Clyde estuary (where four such yards are either operational or under preparation) may complete the final construction stages before floating their structures to oilfield locations. Construction groups which are likely to use the Raasay Sound in this way are currently negotiating with central and local government for permission to provide a joint-user terminal at Kyle from which to service their offshore completions.

## Projects

The oil platform projects have again emphasised the singular importance of the Moray Firth area as the principal region of the Highlands. The pipe-coating plant established by MK Shand at Invergordon is an additional element in this, as is the fact that plans have been gestating for some months to provide at least two further concrete platform yards in the Alness area, and general industrial estates to back up oil activity.

These projects are certainly proving slower to materialise than was once thought. The additional platform yards, for example, were zoned hastily before it was fully apparent that the sites would probably be too restricted in water depth to offer oil companies a full range of platforms. Similarly, much of the scramble for industrial land on the Cromarty Firth seems to have owed more to the speculative instincts of some operators than to a real appreciation of how the demand for manufacturing and service facilities would develop.

However, one result of this has been to invest Easter Ross in particular with a vast acreage of land nominally zoned for industrial use. Extending in all to some 5,000 acres, its existence at least holds the region in readiness for further growth at its most attractive point. One of the major projects now being considered by the Government for that area is the application

made by Cromarty Petroleum, a subsidiary of the U.S.-owned National Bulk Carriers, to build a £100m., 10m tonnes-a-year oil refinery at Nigg.

The strong initial environmental objections raised to this project have now given way to widespread support for it. The refinery is seen as a valuable opportunity to provide stable employment opportunities in an area which is dependent largely on the sometimes wildly fluctuating labour demands from existing oil-related projects.

Other parts of the region are also being given a foothold to new opportunities through the oil industry. In northern Caithness, the possibility of establishing a base for servicing and maintaining oilfield installations at Murkle Bay is being canvassed with a score of companies operating in this field. It may provide an alternative, though scarcely comparable, focus to the Dounreay fast-breeder experimental establishment which is beginning its run-down—its task of proving the commercial viability of its system of electricity generation having been accomplished. Similarly, on a smaller scale, the establishment of an underwater trials project and Government-sponsored deep-diving training school at Fort William has opened up a new option for the Lochaber area.

Enormous activity is also being generated in the Northern and Western Isles. Shetland and Orkney are developing highly significant oil ports—the former at Sullom Voe, which will be the receiving point for oil from Shell-Exco's Brent complex and BP's Ninian field and possibly others, and the latter at Flotta Island, which will handle oil from Occidental's Piper field.

The £20m. Flotta terminal is now nearing completion, while at Sullom Voe approaching £50m. is expected to be spent on piers, storage tanks, port administration facilities, and housing. The Sullom Voe project will overshadow the five service bases already established in Lerwick and elsewhere in Shetland.

Work is also progressing on Fred Olsen's engineering facility at Stromness, Lewis, which will eventually employ up to 1,000 in constructing oil rig sections and modules for oil production platforms. The project is a major new focus for the Western Isles and may counter the job-shedding of its traditional tweed industry—as well as providing the means for attracting back expatriate Lewismen who have had to seek employment on the mainland.

Chris Baur

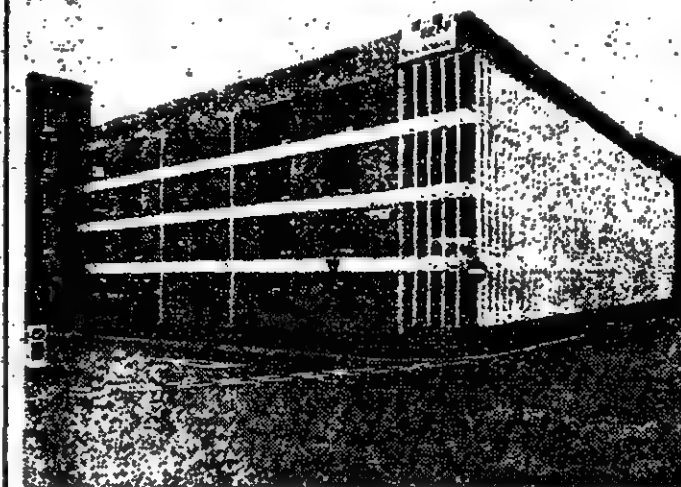
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# Communications

THE SEA oil and gas production has a steady growth in tourism has in the past years given a powerful nudge to ending and improving the transport system both within the Highlands and with the outside world.

There has been considerable grass, yet the obstacles remain formidable. The new Highland Region covers around 400 square miles—one-third the total land area of Scotland, one-ninth of the U.K.—but only some 180,000 inhabitants. Its topography, with a series of islands skirting the coastlines, the mainland criss-crossed by a multitude of rivers, streams and lochs, hills rising to mountains, more akin to northern Scandinavia than to the rest of Britain, let alone France.

This has made the task of the transport planners immensely difficult. Normal rules of economics had until recently been thrown overboard in an effort to preserve some human stance in the more remote areas, which in fact account for bulk of the Highland land—least to the extent of maintaining tenuous links of communication with centres of population.

The former local authorities—replaced by the Highland Regional Council—the North of Scotland Hydro-Electric Board, more recently, the Highlands and Islands Development Board—had been fighting a gallant but not always successful battle to maintain air, train, bus and sea services in the face of rising interest by successive governments, and even the British Office at times, in economies in public expenditure, such as the Beeching line in the early 1960s, have had to curtail the Highland lines even further.

Oil and gas have proved to be the turning point in the transport battle, though tourism also been a powerful ally. It has also been a powerful ally, as it has personnel have to be ferried to oil rigs, supply platforms building sites both spots but under current

and other new installations, from considerable distances, efficient means of communication are vital to their operations. The problem was—and is—that much of the public expenditure on expanded air services, on improved and extended road network, on revived (or retained) rail services, on modernised water crossings has to be in advance of a reasonable return and paid for by increased taxes and rates. In other words, the transport system has to be subsidised more than ever.

## Dilemma

The dilemma of transport economics is obvious to the experienced visitor to the Highlands. He sees progress when he lands in his jet on the extended Inverness Airport runway, or takes the new daytime train running from London to Inverness; or drives along the much-improved A9 from Perth to the North, with signs of further alignments and widening, or crosses to Hebridean islands in roll-on roll-off ferries, or travels along the revived Kyle railway line to Loch Carron to approach a new platform building site.

At the same time, he still uses up precious energy in crawling behind giant lorries carrying supplies for the oil industry, may be late in arriving by train at Inverness because of the single-track line, has to drive 15 miles around Loch Leven along an atrocious road to cross into the Western Highlands because the small inadequate ferries have been taken off and the new bridge at Ballachulish crossing the loch has been delayed.

The bridge is to be finished soon; but the tourist will still have to put up, for some time at any rate, with congestion on the northern Fort William side of the A82 on the way to Inverness; or on the single-track road to the herring fishing port of Mallaig on the west coast.

There is to be some relief at platform building sites both spots but under current

plans but by no means to the authorities' entire satisfaction.

This is not to say that the Highlands will not see very considerable improvements in the transport system over the next few years. Pride of place will go to the brand new A9 trunk road running from Perth to Arduilie on the northern shore of the Cromarty Firth, a distance of 127 miles (almost a quarter of it as dual carriage-way)—a £130m. project to be completed by 1979-1979 to serve both the oil and tourist industries. Here, too, the authorities—the regional council and the Highlands Board—would like to see the new road extended further north at least to the Dornoch Firth, with a bridge to cross it.

Another, far less costly but "sensitive" project concerns the Perth to Inverness railway line which also serves the major tourist centre of Aviemore. The £3.5m. scheme, which provides for partial restoration of the double track lost through the Beeching cuts only 11 years ago, and for more modern locomotives and improved signalling, has been approved by the Scottish Office but is still awaiting a Cabinet decision—at a time, one may add, of restrictions on public expenditure and huge rail deficits. However, so the local argument goes, such an act of faith may be justified in one area of the U.K. with a vast economic potential.

Only a fraction of the Highlands is affected by oil-related development. Over much of the area fishing, crofting and the occasional touring remain the main source of income. The new Highlands Regional Council, as well as the Highlands Board recognise this, particularly in districts like Caithness and Sutherland which have received little benefit from oil. The council's problem is that while under the new system of general rate support grants it has more flexibility in determining its transport policy, its priorities must be that much

more closely defined.

One way of determining priorities is the current review of subsidies for bus services. Subsidies to the Scottish Bus Group, which totalled £185,000 last year, are expected to rise by 188 per cent. in 1975-76 and similar increases are expected on routes operated by private companies, with 15 such companies out of 24 receiving subsidies.

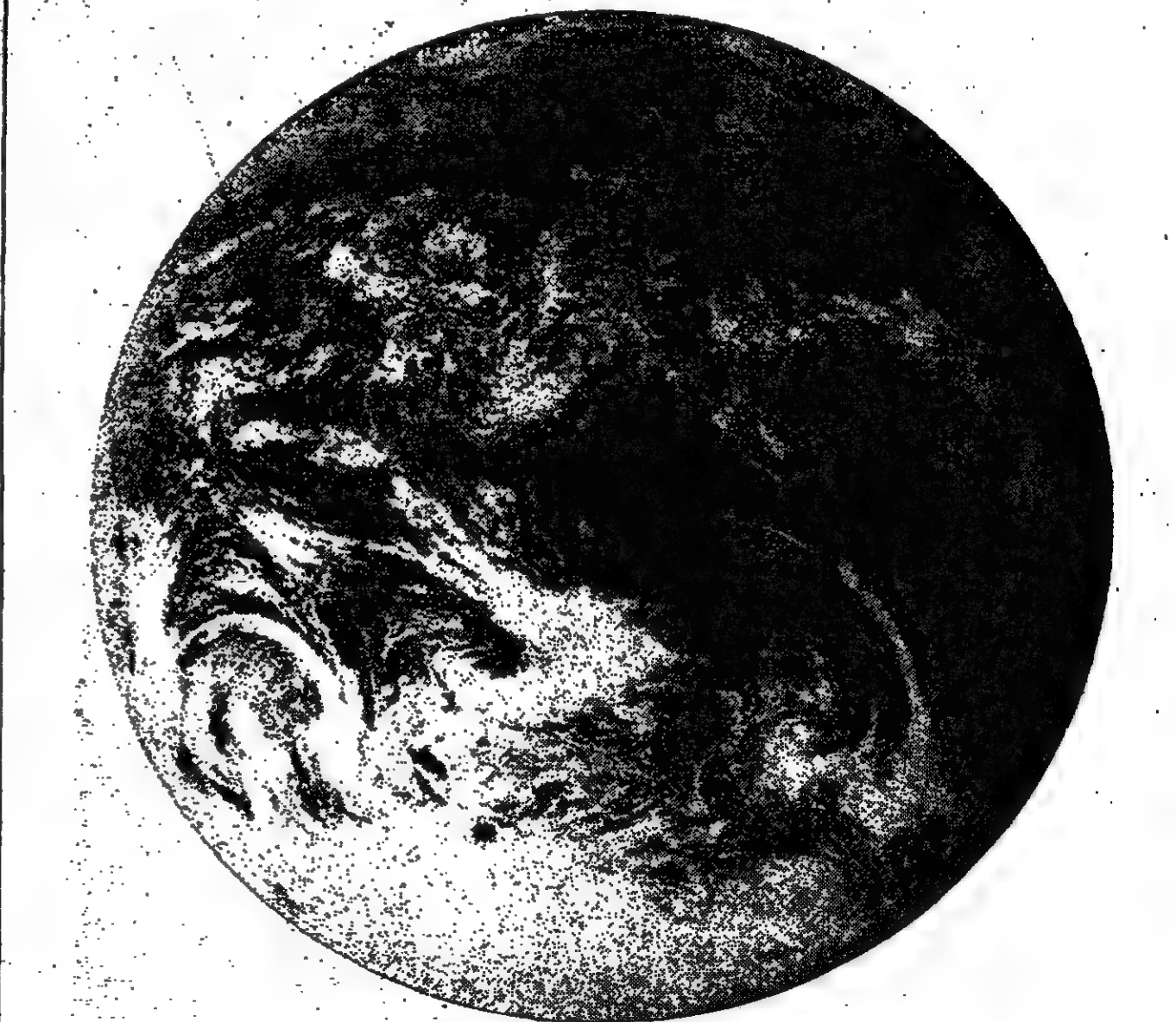
In the light of this, the subsidised services provided by mail vans for passengers in remote areas are obviously welcomed by the regional council. It would like these services supplemented by other public authorities such as the North of Scotland Hydro-Electric Board and the Forestry Commission, both of which run vans along roads many of which they built themselves for the benefit of the Highlands transport system.

The council is, of course, spending a great deal of its slender resources on improving oil-related traffic. It has allocated £2m. for capital schemes for 1975-76 as its contribution to a total of £15m. being spent to improve communications with the platform sites at Nigg, Easter Ross; Ardersier in Inverness-shire; and Loch Kishorn, near Loch Carron, in Kyle.

## Policy

Meanwhile the Highlands Board, too, has been reviewing its transport policy. Its remit, of course, covers an area wider than the regional council's—including the three self-administering islands (Orkney, Shetland and the Western Isles) as well as bits of other regions. However, the council's links with the Outer Isles and the rest of the outside world are as vital as the internal communications and to that extent the Board's thoughts are relevant to its problems; and so is the new Scottish Development Agency, one of whose functions will be "to maintain and improve" air services in the Highlands and islands.

Andrew Hargrave



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**BANK OF SCOTLAND**







## The Executive's World

EDITED BY JAMES ENSOR

Charles Smith in Tokyo looks at Japan's largest spinning company which is ...

## Pioneering 'zero' wages

JAPANESE UNIONS took a beating this spring when they accepted an across the board average annual wage rise of 13 per cent—less than half the previous year's rise and the smallest increase in percentage terms for the past five years. The succeeding months have not even too good for the labour movement either. Real wages in Japan are still at or below last year's levels and unemployment is approaching 1m. The bitterness which might be expected to flow from this situation, however, is not much in evidence, at least partly because of the sense of being all in the same boat which animates labour relations in Japan. A striking example of this spirit is the system of management labour relations which has been built up at the biggest company in what is quite possibly Japan's most vulnerable industry—the spinning concern Kanebo.



Mr. Junji Itoh, president of Kanebo.

## Freeze

Kanebo's president, 52-year-old Mr. Junji Itoh, who became head of his company seven years ago at an exceptionally youthful age for attaining such top job, pioneered a "zero wage" agreement with the company union this spring whereby Kanebo's 30,000 workers agreed to a wage freeze for the current year (until next April) in return for a guarantee of non-dismissal from their jobs at the right of labour to be consulted on the management of the company. The result has been no strikes at Kanebo this year and a profit situation which, though very far from ideal, is appreciably less bad than that of some of the other major concerns in the hard-hit spinning industry. The Kanebo company union, however, was willed from the federation of the workers' unions for "taming down the cause" by splitting Mr. Itoh's package. Months after the event it is hard to tell whether the first deal represented a sequentially as head of the per-

sonnel department and planning an extremely rash guarantee (of non-dismissal) which management could ill-afford, in the midst of recession, or a possible model for labour management relations in other hard-pressed industries.

As Mr. Itoh himself tells it, Kanebo's peculiar system of labour relations is the result of a 25-year process of evolution which began about the time he himself joined the company soon after the war as a management trainee. It is a first job, as manager of a teenage girls dormitory attached to a Kanebo spinning works, throw him into the thick of the Marxist-socialist struggle which was raging in the Japanese labour movement after the war, and he was quick to take the social-democratic side.

He became a union leader a year after joining Kanebo and claims to have defeated the Marxist element among the strongly Left-wing teachers union at a company school attached to his local factory. When Itoh moved up Kanebo, the first as labour leader and subsequently as head of the per-

sonnel department and planning an extremely rash guarantee (of non-dismissal) which management could ill-afford, in the midst of recession, or a possible model for labour management relations in other hard-pressed industries.

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frozen wages rests on something more than the hope that the depressed textile industry will eventually get back on its feet. Kanebo also has a diversification programme which has put 30 per cent of its turnover into industries other than textiles, and which now distinguishes it fairly sharply from other major Japanese spinning companies.

## Cosmetics

Unlike many Japanese companies which tried to escape from depressed industrial sectors in the late 60s and early 70s Kanebo did not go into property. It concentrated instead on pharmaceuticals, food and cosmetics—all fields which, in Mr. Itoh's idealistic frame of reference, are relevant to the promotion of human and health and beauty. Kanebo Cosmetics is now the number two Japanese cosmetic maker.

The company has some way to go to make its mark in food but has already entered into a joint venture with Cadbury's to manufacture chocolate in Japan. Mr. Itoh says Kanebo will be a 70 per cent, non-textile company by 1980. He feels other companies should be moving out of textiles too, given the fact that the industry currently employs 10 per cent of the Japanese work force to produce some 3 per cent of the country's GNP. But he has refused to be rushed into glamorous new sectors, unlike another textile company Konjin which failed spectacularly five weeks ago because of over-indulgence in property speculation.

Kanebo is the 30th Japanese company in order of turnover, though at one point before the war its overseas interests in some of Japan's East Asian colonial territories, made it the country's number one concern. Junji Itoh is on his way to becoming a member of the inner core of the Japanese world—the small and exclusive club at the Keidanren (federation of Japanese employers organisations) who do much to sway the policies of the Liberal Democratic government. In the meantime he has made his mark on the evolution of labour relations in Japan and, at 52, he may be around long enough to help solve the problems of the textile industry.

## The Irish co-operative

BY GILES MERRITT

"CAGE FOUR" in Longkesh detention camp just outside Belfast is not a noted breeding ground for businessmen. Its inmates are suspected Provisional IRA terrorists.

If the detainees learn anything there, many people think, it is how to be a better bomber. One of the reasons Northern Ireland Secretary Mr. Merlyn Rees would like to free the remaining 180-odd by Christmas.

But Longkesh has also given birth to an ambitious commercial venture called the Andersonstown Co-operative. The brainchild of Provo leaders who conceived it while pacing their cage's 184-step perimeter fence, the Co-op is inevitably the object of suspicions that it is no more than an IRA "front".

Yet it currently provides jobs for around 100 men who would otherwise be on the dole, makes a real contribution to the fight against Ulster's chronic homelessness and is getting into food retailing with the aim of pegging prices in Belfast's beleaguered Catholic areas. Its spirited "self-help" efforts have even won it the grudging admiration of the Provos' most bitter political enemies, the Protestant para-military "private armies". In recent weeks, the Ulster Defence Association has sent in observers to see how it is done.

## Harps

The Co-op started in a small way in late 1973 as a handicraft shop. Wood carvings were turned out by the men in cage four on an assembly line system. Being Provo suspects, it is hardly surprising that their top selling line ranged from Irish harps bearing Republican slogans to miniature Thompson sub machine guns. The proceeds went partly to the movement's own welfare fund, The Green Cross, but by the following year British Government releases meant that a number of the Co-op's founding fathers were outside the wire. A small butcher's shop in Andersonstown, one of the main Republican strongholds in West Belfast was bought for £4,000 and a skilled ex-detainee put in to run it.

The choice of butchery was little more than accidental. The shop was up for sale, the price was right and a butcher was to

hand. Since then, though, the business has become a valuable community service using mobile shops in vans to cover the grim, spread-out council estates of Andersonstown. At the same time, the more Republican of the customers no doubt derive extra satisfaction from buying their sausages wrapped with the Co-op's distinctive "Eire Nua" (New Ireland) label—it means a New, and by implication United, Ireland.

In January this year, one of the driving forces behind the original woodworking operation was freed, Jerry Maguire, who had been to Cage Four what countless Senior British Officers must have been to war-time POW camps, immediately extended the Co-op's activities to building. Although the butchery profits were minimal, and currently run at less than £500 net on a £49,000-plus yearly turnover, he managed to scrape together enough to equip a 17-man construction team that had contracted to restore four worked homes for the Northern Ireland Housing Executives. The latest figures show that one dwelling in five is now uninhabitable after six years of riots and looting. In "secure" Catholic areas like the Andersonstown stronghold, the population has leapt from 30,000 to 70,000 while the total of available homes has dropped.

To-day, the building side of the Andersonstown Co-operative employs 80 men on its jobs for the housing executives. With unemployment in the worst-hit Catholic districts as high as 35 per cent, providing jobs is as much a priority as helping solve the housing crisis.

But only last month the Co-op found itself at the centre of a public row after Mrs. Gill Knight, MP, charged the Housing Executives with aiding the Provisional IRA. "At the moment," she said, "it looks very much as though taxpayers' money is going to support the IRA." The details of Mrs. Knight's allegations are very much a matter for dispute, but she had put her finger on the raw nerve of the Co-op's ambivalent role.

Most, although not all, of the Co-op's work force have been close enough to the militant sections of the Provo or Republican movement to have been detained in Longkesh. And there is little reason to suppose

pose that their Radical political views have much changed since they went into business. The Co-op's secretary, for instance, is Seamus Loughran, a former detainee who is now the prominent local organiser of Provisional Sinn Féinn—the political wing of the movement that it not illegal but whose outspoken "Brits out" ambitions places it firmly in the grey area of Ulster politics.

Set up with the help of an independent lawyer and an accountant as a workers' co-operative whose current 40,000 £1 shares were not eligible for dividend for five years, and so have four still to run, the Provisional Sinn Féinn figures involved have been careful to point to the organisation's independent status.

## Morale

Naturally, there have been rumours far worse than Mrs. Knight's allegations that only 20 of the Co-op's building site workers have ever worked at any one time. A favourite is that the butcher's shop refrigeration facilities are ideal for the storage and transportation of high explosives. All the available evidence, however, suggests that the Andersonstown co-operative has been a positive source of economic activity and a sure boost to the community's morale. Undeterred by sniping criticisms the Co-op is now forging ahead into new areas.

It has just bought a local supermarket and intends running it as part of the Spar voluntary chain. Where possible, it plans to cut retail profit margins to the bone. In a district where "the troubles" have helped push prices upwards as retailers take advantage of their customers' lack of mobility, the Co-op will hopefully provoke a prices war in the grocery business.

It is the sort of contest in which the Co-op's close relationship with Provisional Sinn Féinn could give it quite an edge. Already there have been signs that, with the most public spirited of motives, the Provisionals have given some small shopkeepers the sort of advice you can't possibly refuse. One small clothing store was recently told its mark-up was too high and has been running a sale ever since.

## Demolishing conventional management

BY ROY LEVINE

Measuring Corporate Performance," by Joel Stern, published by the Financial Times, 50.

STERN shocked the financial community both in the U.S. over here when he claimed a time when our Government was putting a freeze on company dividends that dividends need not affect shareholders' wealth—shareholders were apt to pay higher prices for shares in companies that restricted its out to invest in future profits or the right circumstances. During 1972 and 1973 his column in the Financial Times continued to arouse controversy over a growing band of equity cult of the 1960s. But in his book he has done more than just put his widely used yardstick for corporate performance, earnings per share, into order—here is a critical and embellished work per share, is that it falls to

that will confound his critics, identify the quality of new cash flow generated from operations not of the firm's capital requirements.

He demolishes one, by one the conventional yardsticks used to measure management's performance and the worth of share prices on stock markets. Then he builds up his own model which fits all the criteria.

If his yardstick called Free Cash Flow (FCF) becomes accepted, it will dispense with the fluctuating argument about whether to measure shares on a yield basis or using the price-earnings ratio as relevant to the earnings ratio of the 1960s.

The drawback of the most done more than just put his widely used yardstick for corporate performance, earnings per share, into order—here is a critical and embellished work per share, is that it falls to

defines FCF as the after tax cash flow generated from operations not of the firm's capital requirements. And a company's intrinsic worth (or its market value if management has made the right guesses) is equal to the discounted value of current and expected FCF where the discount rate is the weighted average cost of debt and equity capital.

Similarly, two companies with identical assets and trading profits can generate different returns on equity by having differing debt ratios, largely at management's discretion.

Mr. Stern argues that there is no commonality either using annual rate of growth in profits (which depends on new capital investment), rate of return on sales (vastly different for various industries) and net cash flow, relevant only in a liquidation. Collectively, they fail to relate performance to share prices.

Mr. Stern argues that management's main objective is to serve the best interests of the shareholder by maximising his return through dividends and share price appreciation. He precisely measurable.

## Conferences in Bordeaux

INTERNATIONAL competition to provide locations for conferences has become increasingly fierce in recent years. Greater speed of travel, together with the growth of multinational companies which need to bring together personnel from various countries for such things as marketing seminars, means that the U.K., the Continent, the U.S., Canada, and other countries are now vying with one another for the same business.

Indeed, the creation of a large national exhibition and conference centre in Birmingham and the Wembley conference centre being built for completion next year, bear witness to this.

In France, a major exhibition centre, measuring 800 metres by 100 metres, and a 1,500-seat auditorium, were built at Bordeaux as part of the general development which has been taking place within the Aquitaine region—an area designated, as are others like Languedoc, for development.

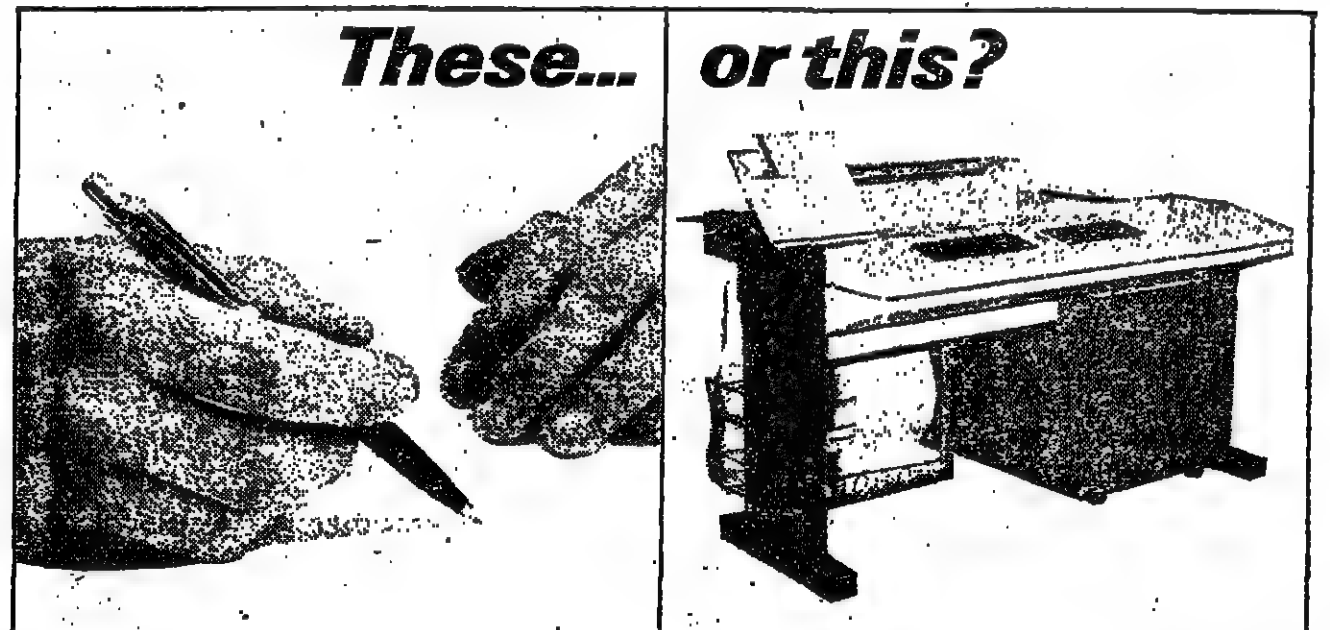
Called Bordeaux Le Lac, the complex has now been extended by the completion this year of further hotel facilities aimed at strengthening both accommodation available and conference facilities. Thus, there are now five hotels, comprising one two-star, two three-star, one four-star, and a four-star de luxe. The centre has already built up a domestic trade and has attracted some international exhibitions, but its potential

seems to have been held up by lack of accommodation close by. This, it is felt, should now be resolved with the increased hotel facilities which have raised the total number of beds available in the five hotels to nearly 1,500. It is also hoped to attract more conferences by being able to offer the peripheral activities of some well-known coastal resorts such as Biarritz which are fairly close by, together with all aspects of the wine industry.

The hotels aim to supplement the existing conference areas with their own "in-house" facilities which vary according to size and status of each hotel and also to follow a policy, despite being privately owned by different companies, of co-operation to provide greater flexibility.

Whether this will be sufficient to attract a wide range of customer remains to be seen. Reaction of some company conference managers who recently visited Bordeaux Le Lac suggests that while the venue may prove an attraction, the facilities may be suitable at present only for the smaller conference since the different grading of each hotel makes it difficult to provide an equal standard of accommodation for large numbers of people. Also, a greater degree of co-operation appears necessary between the owners of the exhibition hall and auditorium and the hotels if the potential was to be fully realised. NICHOLAS LESLIE

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# The role of marauders

**THE RESIGNATION** of Mr. Slater from the Board of Slater Walker Securities provides an appropriate finale to a period in which most of the "whizz-kids" of the 1960s, and the financial empires they created, have departed in glorious haste from the stage. The circumstances which precipitated Mr. Slater's decision are still somewhat obscure, but it had been clear for the past year or more that the style and techniques adopted by Mr. Slater and his imitators were no longer feasible in the changed social and financial climate of today. The excesses of the bull market—the asset stripping, the financial sleight-of-hand and the frantic scramble for growth in earnings per share—have few defenders now. But the question that has to be asked is whether the pendulum has not swung too far in the opposite direction.

**Bad management**  
The vitality of the capitalist system requires, among other things, the existence of entrepreneurs and marauders who spot situations where assets are being badly managed and move in to put them to better use. The most successful exponent of this approach was Sir Charles Clore, whose take-over activities, starting with the bid for Sears in 1953 and including the offer for Watney in 1959 (described as "preposterous" by a Watney director), had a salutary effect on British industry. In his early phase, up to about 1965, Mr. Slater saw his role in much the same light—that of shaking up sleepy managements and improving the performance of companies. It is true that, unlike Sir Charles Clore, Mr. Slater never entirely abandoned his preference for short-term dealing; the idea of building up an industrial group and running it, or of holding on to his industrial investments over the long term, did not greatly appeal to him. The surreptitious nature of "warehouse" and other dealing activities was sometimes offensive, though the fault lay mainly in the inadequate disclosure rules which have still not been brought fully up to date. But there is nothing inherently wrong about the operations of the short-term dealer; he has a legitimate and

# The crisis deepens in Lebanon

OVER THE PAST few months it has been difficult to say just how close Lebanon has verged to the perilous dividing line between a state of bitter internal communal conflict to one of outright civil war. Without doubt, however, it has come nearer to this point in the latest cycle of violence which erupted in the heart of Beirut at the week-end than any time this year. The cease-fire called on Sunday was the eighth in the conflict which has continued with all-too-brief intermissions since April. Disturbingly, the response of the factions battling in the streets of the capital has been the slowest and most uncertain yet despite the exhortations of spiritual leaders of both sides and inter-communal demonstrations in favour of peace.

**Communal balance**  
Already, the service economy of the Lebanon which, at the beginning of the year was flourishing in the backwash of Gulf oil revenues, has suffered incalculable losses. Even if order was restored to-morrow, years rather than months would probably be required before minimal confidence could be recovered and these losses made good. In itself the hardship suffered by people who have lost their livelihood and small businesses will make it harder to bring to an end a conflict that has polarised the radical Left and the Right (as represented by the Maronite establishment), as well as the two main religious communities. More fundamentally, the blood spilt may make it impossible to restore, even in a revised form, the unique and delicate communal balance and the Lebanese political system as it has existed since the country's independence in 1942. In a situation which can only Lebanon now.

Michael Blanden examines the role of the banks' 'lifeboat' support operation two years after its launch

# A rescue mission that still awaits the homeward tide

THE FRINGE bank "lifeboat" support operation has now turned towards the shore, but after making rapid progress back towards its haven it is now only drifting gently with the tide. This involved nautical metaphor is how one of the leading protagonists summed up the present situation of the rescue, underlining the general recognition that what started as a short-term method of preventing a collapse of confidence in the U.K. banking system has now turned into a problem likely to last for at least another two or three years.

The change in the lifeboat's character was emphasised by the special measures just taken to shore up the hard-pressed First National Finance Corporation. Not without some argument among themselves, the big clearing banks and the Bank of England, which provide the lifeboat funds, agreed to advance new capital to a group which, after heavy provisions against potential bad debts, would otherwise have been technically insolvent. The banks' commitment to continued support for this business is itself an acknowledgment that of all the financial companies which had recourse to lifeboat assistance, FNFC represents a very special situation.

## Something of a surprise

The decision to provide £91m, mainly against FNFC's loans in the property sector, was like similar support moves for other groups, such as Keyser Ullmann, in reflecting the impact of a new and more conservative look at the company's book under the guidance of an ex-clearing banker, Mr. Maurice Denton, formerly of National Westminster. Some 40 per cent. of the £91m provisions in the accounts are due to rolled up interest. The size of the provisions, though, clearly came as something of a surprise to the clearing banks themselves and represented a major shock at a time, nearly two years after the lifeboat was launched, when the big banks had hoped that they could stop baling.

For the clearing banks themselves, the decision to reconstruct the £360m. of loans made to FNFC involves further substantial provisions in their own balance sheets after they had hoped that they had more or less cleared their books. Early this year the total amount of provisions on lifeboat support lending, it was generally reckoned, should be no more than some £40m. or so on those companies which had gone into receivership with the prospect that those still receiving support would be able in time to stand on their own. At the time, it was felt, FNFC still apparently had £55m. of capital available, and even the most cynical bankers did not foresee the extent of the provi-

George Blanden, head of the Bank of England's supervisory department, and Mr. Alex Dibbs of National Westminster Bank, representing the clearing banks, at the Press conference announcing the new arrangements for the lifeboat support operation. The banks' motives in deciding to accept the arrangements were commercial as well as philanthropic. In the back of their minds there is still the thought that the final collapse of FNFC, which was called in to help with the planned rescue of the first secondary bank known to be in trouble, London and County, would damage con-



Unveiling the new arrangements for First National Finance Corporation: Mr. Alex Dibbs (left), chief executive of National Westminster Bank, and Mr. George Blanden, head of the Bank of England's supervisory department. Their presence indicated the continuing importance attached to the "lifeboat" operation.

While the £120m. lent in relation to FNFC's viable consumer credit operation remains on normal commercial terms, interest on the £190m. of "income loans" will be paid only when the company earns enough income. It appears quite likely that, in the absence of any other sensible criteria for judging the appropriate level of provisions, the clearing banks will decide to share between them a provision equivalent to the whole of the £50m. which has been left with FNFC in the form of subordinated loans. These loans now form the only capital which the company has to continue its business, and it is acknowledged that the reconstruction within the lifeboat is not a permanent solution to its problems. It is no more than a sufficient practical answer to enable FNFC to continue in operation and to conduct an orderly run-down of its extensive commitments outside the traditional consumer finance business. That the FNFC situation is recognised as exceptional was indicated by the presence of Mr.

for attention and the problem, it has become clear that the support group, already in business for nearly two years, will still be needed for some time yet, with the prospect of only a slow run-down of most of its remaining commitments. Among the remaining major candidates, Keyser Ullmann has achieved a substantial reduction in its borrowing, but FNFC is now an acknowledged medium-term situation and the Bank of England has been reduced substantially from its peak of over £120m. reached last year, will clearly take some time

credit based mainly on financial taken from the banking system itself rather than directly from other investors while, eschewing more ambitious projects developing wide interests in other fields. Secondly, at some time in the future presumably the support group operation will be wound down, either through further disposals or by the companies receipt of support reaching a stage where, at the least, they can revert to a normal relationship with customers with one the-clearing banks rather than requiring special attention. In any case, it appears a likely that the combination of circumstances—easily available funds coupled with apparently attractive investment outlets which led to the situation we are repeated. With the Bank much closer present knowledge of the activities of individual banks, there should be an ear warning of any developing dangers. Nevertheless, it is possible to believe that deposit-taking companies—include those smaller organisations of the direct purview of the Bank—will never again fit themselves in difficulties as there is no doubt that attention will have to be given to controlling such operations in future.

## The better course

The clearing banks are certainly to be most unwilling to again to commit themselves to the rescue of companies outside the banking system proper of the scale of the lifeboat, though on the whole, bankers defend their operations of the past two years. It is impossible to know who would have happened if the lifeboat had never been organised if London and County had been allowed to go under at the first sign of trouble—and how far the U.K. banking structure would have been damaged. It is still possible to find bankers who argue with hindsight that letting London and County collapse might have been a better course.

On balance, however, it is clear that the tension in domestic and international money markets last year would have been far worse but for the efforts of the Bank and the clearing banks and that the dreaded "doom effect" was a real threat. The Governor of the Bank of England, Mr. Gordon Richardson, and his deputy, Sir Jasper Hoffmann, have gained much credit for the organisation of the support group, even if the problems highlighted the known weaknesses in the U.K. supervisory system. Mr. Hoffmann would now maintain that it has all been worthwhile even if the cost has proved higher than expected in order to protect the all-important confidence in U.K. banking.

# MEN AND MATTERS

No accounting for tastes

While the U.S. federal authorities in Washington grapple with the very real problem of preventing New York from going bankrupt, accountants Arthur Andersen have been running their slide rules over the finances of the Federal Government itself. Ignoring the way in which the U.S. Government presents its accounts, Andersen has attempted to work out the figures as they would appear under the accounting principles applied by most major U.S. corporations.

The outcome is quite horrifying (although tongue in cheek the accountants point out that their profit and loss account and balance sheet calculations are unaudited). The 1974 fiscal year calculations by Andersen show an income deficit of \$950m., which is some 30 times bigger than the figure actually reported by the Government. In balance-sheet terms things look worse still: federal debt is reported by the Government at \$450bn., but after Andersen has got to work on accounting adjustments it calculates that the Government's liabilities amount to \$1.1 trillion, backed by total assets of only \$329bn. If therefore the Government really were a corporation, shareholders' equity would be a minus quantity of \$812bn.

Governments do their accounting on a cash basis—how much they get in and pay out in a year, and this differs from corporate accounting which is done on the accrual basis involving provisions for future liabilities which are incurred against money coming in during any one accounting period. For example, most Governments who run up most pension schemes do not debit their profit and loss accounts with a provision for future liabilities, whatever the

treated on a receipts and payments basis. At the end of the BFI accounting period therefore the £157,000 was withheld on the grounds that "actual goods and services have not actually been supplied or performed in respect of a commitment." For the BFI, a company limited by guarantee, chairman Lord Lloyd of Hampstead argues that its accounts should be prepared on an income and expenditure basis and that therefore money committed should be treated as already spent. The situation now rests with an application for a re-vote of the outstanding sum in the 1975-76 financial year.

**TOPSy or turvy?**  
The delight with which British Rail's Chairman, Mr. Richard Marsh, yesterday unveiled his new £16.6m. computerised freight control system—applied TOPS (Total Operations Processing System)—was a tonic for students of BR's steady and depressing journey into debt.

If Mr. Marsh's enthusiasm is to be believed, TOPS has already more than proved itself, bringing annual cash savings of £3m. on operating and maintenance costs, and pin-pointing nearly 20,000 wagons which can be eliminated entirely. This represents a capital replacement figure of at least £50m., said Mr. Marsh, though in view of the continued decline in BR's freight traffic, it is questionable whether he would have even wanted to replace many of the wagons concerned. The TOPS potential will be fully realised only if—and it is a big if—the increased efficiency it brings to the freight service is rewarded by an upturn in demand from consumers who currently use road transport.

And even on such a hopeful day, the luckless BR chief could not escape the tensions of labour relations. Mr. Ray Buckton, head of the ASLEF trade union and an old adversary, forced him to admit that the forthcoming extension of TOPS to cover locomotive movements could also give the management information on train crew location. A brave face from Mr. Marsh, who forecast with a smile that the issue "would lead to many happy hours of discussion," was met after the ceremony by Mr. Buckton's warning that TOPS should not be allowed to become a "Big Brother" by monitoring the movement of railway workers.

**In luck?**  
I know it is International Women's year, but perhaps the ladies will forgive me for reporting an extract from *Taxes*, the journal of the Inland Revenue Staff Federation. This notes that a vacancy for a tax assessor to the Virgin Islands exists but, "because of the short duration of the tour neither free passage nor subsistence can be provided for a wife and family." Whoever submitted this to that journal was apparently awarded a prize, and it may be of some satisfaction to the M's of this world that he—or she—asked that it should be forwarded to the National Council of Women.

**Silly me!**  
"Grants for diving employers" was the heading on the Press release. "Wow! I thought—until I read on and discovered that these particular grants were for employers who employ divers."

And again  
Surprisingly though, Arthur Andersen's exercise is not totally immaterial to a hassle which is going on between the British Film Institute and the Department of Education and Science. In its last financial year the BFI received a grant of £1.5m. from the DES but, to put the situation briefly, the BFI's situation is such that it is what the DES money is—

Observer

هنا من الفصل



## Solution







LPP halved

## Golden Hope p £1.9m.

LE PROFITS of Golden Hope expanded from £1.7m in the year to £1.9m after being £1.8m in 1974. The company's earnings per share rose from 1.85p to 1.90p.

1974-75	1973-74
£1,900,000	£1,700,000
£1,850,000	£1,650,000
£1,800,000	£1,600,000
£1,750,000	£1,550,000
£1,700,000	£1,500,000
£1,650,000	£1,450,000
£1,600,000	£1,400,000
£1,550,000	£1,350,000
£1,500,000	£1,300,000
£1,450,000	£1,250,000
£1,400,000	£1,200,000
£1,350,000	£1,150,000
£1,300,000	£1,100,000
£1,250,000	£1,050,000
£1,200,000	£1,000,000
£1,150,000	£950,000
£1,100,000	£900,000
£1,050,000	£850,000
£1,000,000	£800,000
£950,000	£750,000
£900,000	£700,000
£850,000	£650,000
£800,000	£600,000
£750,000	£550,000
£700,000	£500,000
£650,000	£450,000
£600,000	£400,000
£550,000	£350,000
£500,000	£300,000
£450,000	£250,000
£400,000	£200,000
£350,000	£150,000
£300,000	£100,000
£250,000	£50,000
£200,000	£0
£150,000	£0
£100,000	£0
£50,000	£0
£0	£0

ment  
The company's earnings per share rose from 1.85p to 1.90p. The company's earnings per share rose from 1.85p to 1.90p.

## Canada d quarter

Canada's third quarter earnings were almost unchanged from £1.8m in the second quarter. The company's earnings per share rose from 1.85p to 1.90p.

## Canadian & Foreign advance

In the six months to September 30, 1975, gross revenue of Canadian and Foreign Investment Trust improved from £285,935 to £274,866. Revenue for the last full year totalled £285,935.

## Low to take advantage of a discount house.

Mr. Bearbull of the Investors Chronicle October 24th-30th said: "Treasury Bills are effectively 3 month post-dated cheques drawn on the Government. In addition a Treasury Bill is the most secure investment in the market. I think that a return of over 11% per cent on a highly negotiable instrument is a good bet in the present climate. I shall buy my bill through a discount house."

Treasury Bills are readily negotiable investments offering good returns for periods of up to 91 days. They can be bought for £5,000 but most are for £50,000 or more. And £5,000,000 is not unusual.

The Discount Houses make the market in Treasury Bills and rewrite the issue. You might think that only banks buy Treasury Bills but actually the high yields have attracted a growing demand from commerce, industry and institutions.

For more information on Treasury Bills and current yields, just ring Union Discount, 01-623 6672 and take advantage of us.

## Highlands & Lowlands £1m. behind

PRE-TAX profit of Highlands and Lowlands Para Rubber for the first seven months of 1975 shows a £1.05m decline at £2.05m. Taxable profit for the last full year totalled £2.72m. The directors warn that for purely technical reasons connected with Malaysian tax regulations, it will not be possible to pay an interim dividend at the end of the third quarter without incurring substantial additional tax.

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## Bilton expects to top £4.6m.

TAXABLE PROFITS up from £4.1m to at least £4.6m, are indicated by Perry Bilton, the industrial development and investment group, for the current year.

In the first six months of 1975 profits show an increase from £1.90m to £2.05m. And chairman Mr. Perry Bilton says he is confident that with the projects and order book in hand, and the continued strong liquidity position, the group will show second half results at least as favourable as the first, leading to another record year.

An interim and only payment of 4.02p net is declared. This has been done in order that recent purchases of Accumulation shares will not be penalised unfairly by this new legislation, the directors explain. The 1974 total was 3.77p.

The half year's turnover improved from £12.7m to £13.1m. After tax and minority interest the available balance emerges at £1.28m, compared with £1.19m.

See Lex  
The interim profit was derived approximately 50 per cent from property investment, 27 per cent from industrial and residential development, and 14 per cent from contracting and other activities.

Similar first half at Taylor Pallister  
Sales of Taylor Pallister and Co. increased from £0.6m to £0.8m in the first half 1975 and pre-tax profit was up slightly from £61,550 to £64,922. Mr. R. M. Taylor, chairman, anticipates a "similar level of trading" in the second half.

Considerable increases in wages in particular will reflect more fully then requiring every effort to minimise these by increased efficiency. However, subject to the effectiveness of these efforts and no unforeseen circumstances "a not unsatisfactory result is anticipated," he adds.

Six months 1975 1974  
Group sales £60,278 £61,000  
Trading profit £1,294 £1,294  
Inv. and other income £1,628 £1,628  
Group profit before tax £4,422 £4,422  
Taxation £1,381 £1,381  
Profit after tax £3,041 £3,041  
Interim dividend £4.02 £4.02  
A same-again interim dividend

## Upturn at Highgate Optical

ON THE basis of results for the first 9 months the directors of Highgate Optical and Industrial expect sales and profits for 1975 to exceed those of last year—£251m and £22,500 respectively.

For the first six months profits increased from £137,533 to £109,784 on sales of £2,26m compared with £1,72m. After tax of £53,500 (£70,000) the net balance emerges at £1,284 against £67,639, with earnings per 10p share stated at 3.55p (£3.51p).

The interim dividend of this subsidiary is raised from 0.48p net to 0.51p. The total for 1974 was 1.53p.

Statement Page 37  
Including deposit interest of £2,531,000, compared with £431,000, revenue of British Investment Trust dropped slightly from £2,207,000 to £2,208,000 for the half year to September 30, 1975. For the full year 1974-75 the figure was £4,631m.

Stated earnings per 25p share are estimated at 3.25p (£3.45p) for the full year to March 31, 1976. The interim dividend is being held at 1.5p net.

The directors report that the overall revenue position is "satisfactory" and they are reasonably confident that last year's 3.25p dividend total can be maintained.

Interest paid during the half year was £153,000 (£291,000). Tax takes £631,000 (£375,000), leaving £985,000 (£945,000) attributable.

Net asset value per share at September 30, 1975, was 147.5p, compared with 136.5p at March 31, 1975.

هكذا من الأصل

## THE REPUBLIC OF PERU

by and through  
**BANCO DE LA NACION**  
**U.S. \$150,000,000**  
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**The Royal Bank of Canada** **Toronto Dominion Bank** **Wells Fargo Bank N.A.**

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**The Bank of Nova Scotia** **The Chase Manhattan Bank N.A.** **First National City Bank**  
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**The First National Bank of Chicago** **Banco Nacional de Panama** **Bank of Montreal**

**Chemical Bank** **The Philadelphia National Bank** **The Royal Bank of Canada**  
**Toronto Dominion Bank** **Wells Fargo Bank N.A.** **Banco de Bogota**  
**Panameric S.A.** **World Banking Corporation Limited**  
**Banque Commerciale Pour l'Europe du Nord** **Banque Francaise du Commerce Extérieur**  
**California First Bank**

Agents  
**Citicorp International Bank Limited**

October 1975

# If your building isn't going up, remember everything else is

Can you afford to give your building contract to the lowest tenderer?  
Consider.  
It takes six months at least to get the specification out and get the tenders in. In six months, the way things are going, costs will have inflated 12%. And 12% is usually more than the difference between the highest and lowest tender.

Consider again.  
Six months lost production.  
Six months interest charges.  
And since the winner has pared his price to the bone, his surveyors will, quite legitimately, be prowling about, eagle-eyed for any change in the basis of tendering. Those boys are adept at turning a higher water-table into a higher price.

A Bovis contract cuts out all that—the waste of time and money, the loss of profit and temper. Bovis can start on the excavations the minute the basic plans are agreed. They're part of your team from the start.

Bovis work for a fee agreed on the basis of your quantity surveyor's valuation. For that they manage the entire project, getting it done properly and done on time.

Everything else, all their work and materials, you pay for at cost. And the cost—the true cost—is there for you to see in Bovis's books. 75% of our work is in repeat orders from people who like our way of working. They think it makes more sense financially. We think it's calmer and more orderly. If you'd like to investigate, ring Harvey Davis on 01-422 3488.

## Bovis build by management



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This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

## SINGLO HOLDINGS LIMITED

(Registered in England—No. 667674)

Issue of 806,400 10 per cent. Cumulative Convertible Preference Shares of 50p each.

The Council of The Stock Exchange has admitted the above shares to the Official List. The shares are being offered to the Ordinary Shareholders of Singlo Holdings Limited by way of its on the basis of one new share for every 5 ordinary shares held at the close of business 5th September 1975 at 50p each.

Particulars relating to the above Share Issue are available in the statistical services of Extel Statistical Services Limited and Moodies Services Limited and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 11 November 1975 from:—

de Zoete & Bevan  
25 Finsbury Circus  
London  
E.C.2.











# REYNOLDS DIVERSIFIED CORPORATION

## Oil and Gas Exploration

203 Lomas Office Plaza  
10701 Lomas Blvd N.E.  
Albuquerque  
New Mexico 87112  
Telephone: 505-293-1600

United Kingdom Registrars  
Connaught St. Michaels Limited  
P.O. Box 30  
Crest House, Alma Street  
Luton, Beds., LU1 2PZ  
Telephone: (0582) 28333

The Directors of the above Company announce that an offer has been made and is being accepted for the purchase, by exchange of shares, for the whole of the interests of Unigas Oil Corporation of Denver, Colorado from Vulcan Minerals Limited and their Associates.

The Company's shares are dealt in over the counter throughout the U.S.A. and as Letter Stock in London under Stock Exchange Rule 163 (1) (e).

The Financial Group of which your company is a member, and The Michigan Wisconsin Pipe Line Company, commenced their 12 Well Programme in Oklahoma and Texas in June, under the auspices of Kennedy & Mitchell of Englewood, Colorado. Sage of Oklahoma and Hudson of Texas, two well known Oil operators are the contractors for the project.

The Michigan Wisconsin Pipe Line has contracted to take the whole of the output of the wells at a favourable price plus a loading for BTU estimated to yield 70 cents per mcf upwards. They are also responsible for the installation and maintenance of the pipe line equipment.

This programme involves an expenditure of U.S. \$1.7 million for the 12 wells, 9 of which are in Oklahoma and 3 in Texas. They are mainly development wells adjoining current natural gas production. Each well is located on a 640 acre lease.

The following three wells have been drilled, logged and production casing set:-  
Como 10 Baggerly No. 1 - Beaver County, Oklahoma  
This well was tested to produce 4,000,000 cubic feet per day C.A.O.F.

E. Elmwood 16 Overton No. 1 - Beaver County, Oklahoma  
This well was tested to produce 950,000 cubic feet per day C.A.O.F.

From one zone, a second zone is currently being tested for oil and gas production.  
Reserves of the first 2 1/2 wells are considered to be 11.5 billion cubic feet C.A.O.F. Reserves of 5 billion cubic feet are required for a satisfactory operation.

It is anticipated that development of the 12 wells will be finalised during the course of the next few months, and from results to date should show a good percentage of the wells as high producers. Notification of the finalisation of operations will be announced during the next few months.

Gray 21 Mounts No. 1 - Beaver County, Oklahoma  
This will be an 8100 feet Chester Formation Test. Primary objectives are the Upper, Middle and Lower Morrow Sands from 7300 feet to 7900 feet. The Morrow Formation is oil productive in the area also. Reserves in the Morrow in this area range from 1.0 to 5.0 billion cubic feet.

Brainard 182 Brainard No. 3 - Roberts County, Texas  
This will also be an 8900 feet Chester Formation Test. Primary objectives are the Cleveland Sand at 6700 feet and the Lower Morrow Sand at 8700 feet. Both zones produce in the offset wells where reserves are 1.5 to 6.0 billion cubic feet in the Cleveland and 2.0 to 5.5 billion cubic feet in the Morrow.

N.W. May 1 Carlisle No. 1-1 - Harper County, Oklahoma  
This well is projected to 7300 feet in the Chester Formation. Main objectives are the Lower Morrow Sand at 7100 feet and the Hoover Sand at 4400 feet. Morrow reserves in the area range from 1.0 to 4.0 billion cubic feet. Hoover reserves are from 1.0 to 8.5 billion cubic feet.

S.W. Laverne 14 Evans No. 1 - Harper County, Oklahoma  
Negotiations are in progress for additional interests in natural gas development projects in Oklahoma and Texas, U.S.A.

The capital of the Company in February last was increased from US \$364,800 to US \$2,000,000 in 1 cent US par value shares.

In order to acquire the above interests the Company increased its capital by authorising the issue of a further US \$262,000 1 cent US par value shares thus making the issued capital US \$626,800 in 1 cent US par value shares. The purchase consideration included the 1 for 1 bonus shares issued by the Company to Vulcan Minerals Limited shareholders on the Register as at 24th October, 1975.

To further the Company's interests with the negotiations that are now in progress Vulcan Minerals Limited are being given a cash option for a further US \$250,000 of 1 cent shares.

By order of the Board  
H. J. WARD, President  
Oct. 24, 1975

# Teachers' 'queried' rights of school managers'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

WITHIN six months of a new authority to place the responsibility on the head-teacher and his or her ability to gain the managers' approval.

Mr. Davidson said that only two of the school's full-time staff - including one of the seven protesters - had been at William Tyndale for more than two years.

Mr. Ellis had arrived at the beginning of last year and had immediately been confronted with difficulties, one of which was a conflict with Mrs. Dolly Walker, a part-time teacher, over the progressive, "free-choice" approach to schooling favoured by the new head and most of the full-time teachers.

It was alleged that on May 22 last year, and without consulting Mr. Ellis, Mrs. Walker had planned to the school notice board a document - criticising the educational approach being used and complaining that - among other things - the children were "being seduced to behave in ways which are detrimental to them, both in their progress in learning anything and in producing anti-social behaviour."

Mr. Davidson said that Mr. Ellis had questioned this action by Mrs. Walker, who nevertheless subsequently played a major part in preparing a critical document in time for a parents' meeting held on July 9 last year.

The document claimed that the school's approach was divisive, pitting pupils from parents and parents from teachers; was failing to provide a suitable environment for learning; and was based on numerous theoretical fallacies.

The seven teachers first staged a three-week unofficial strike in protest against the inquiry, but are now co-operating in it.

Opening for the ILEA, counsel said that the authority's attitude was to leave methods of teaching as far as possible to the professional judgment of the teachers.

In practical terms, this harmony. The pupils roll of the school, which totalled 219 when Mr. Ellis became head in January last year, has since fallen to 114.

Mr. Ellis, aged 37, Mr. Brian Haddow, aged 28, the teachers' representatives on the managing body, and five other members of a full-time teaching staff of eight, allege that the fall in the roll was caused by a politically inspired campaign of "scare-mongering" by some of the school's managers.

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2-To encourage children to think for themselves and make their own decisions.

3-To enable the children to read and to express themselves clearly.

4-To provide a good grounding in basic mathematics.

5-To make available a wide range of activities for the children to experience.

Mr. Ellis also complained to the Inner London Education Authority that Mrs. Walker had circulated documents critical of the school's conduct without the head-teacher's knowledge.

At the parents' meeting, five of the teachers - not including Mr. Ellis - walked out before the end. They claimed that it was against the policy of the National Union of Teachers, of which they were members, for teachers to submit themselves to personal attacks, and that they had been attacked during the meeting in spite of assurances from the managers' side that it would not be allowed.

Mr. Davidson said that Mr. Ellis had questioned this action by Mrs. Walker, who nevertheless subsequently played a major part in preparing a critical document in time for a parents' meeting held on July 9 last year.

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Mr. Ellis, aged 37, Mr. Brian Haddow, aged 28, the teachers' representatives on the managing body, and five other members of a full-time teaching staff of eight, allege that the fall in the roll was caused by a politically inspired campaign of "scare-mongering" by some of the school's managers.

The seven teachers first staged a three-week unofficial strike in protest against the inquiry, but are now co-operating in it.

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# Rent-free factory for business idea

BY LORNE BARLING

A FREE factory for up to two technical thinking, good years is part of the prize in a competition being run by Warrington New Town Development Corporation. The judges will also believe to be the most promising potential with business idea of the prize money, premises small companies with a production, backing services or technical innovation. The factory, situated but individual ideas will also be Grange, Warrington New considered. The prize includes will be from 3,500 to 6,000 in cash, business square feet in size, with suitability and the factory. provided for rent. If the The corporation said: "Entries will be judged on provide free facilities for innovation, sound marketing and years."

## RECENT ISSUES

### EQUITIES

Date Price dollar	Armonia Paid Up	Latest Reserve Date	1975		Stock	Closing Price 1975	+/-	Div. P. & Armonia Times company
			High	Low				
4	F.R.	1	169	120	Corn Exchange	120		01.52 2.5

### FIXED INTEREST STOCKS

Date	Time	Amount	Buyer	1975		1976		Comments
				High	Low	High	Low	
12/10	F.P.	21/8	95	167	95	167	Advent Corp. 104% Conv. 1980.	9
12/10	F.P.	21/8	95	167	95	167	Advent Corp. 104% Conv. 1980.	9
12/10	F.P.	21/8	95	167	95	167	Advent Corp. 104% Conv. 1980.	9
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12/10	F.P.	21/8	95	167				

### "RIGHTS" OFFERS

Stock	1975	1976	Stock	1975	1976
Price	High	Low	Price	High	Low
100	120	120	100	120	120
7/11	110	80	7/11	110	80

Wintrust Limited  
Year ended 31st March 1975

- \* Notwithstanding the economic and financial climate, pre profit of £800,000 attained.
- \* Maximum permitted dividend paid. Substantial increase in have been recommended but for the present government restrictions.
- \* Group's liquidity position strongest ever with liquid assets amounting to approximately 87% of deposits held.
- \* 60% of total assets to cash or equivalent compared 41% a year ago.
- \* Geising ratio of loans and advances to capital and reserves reduced from 2.4:1 to 1.4:1.
- \* Group's net asset value equivalent to 105p per share.
- \* Board is confident of the Group's prospects and is actively exploring means whereby inherent strength of the Company may be translated into tangible benefit to shareholders.

# Nordic Bank Singapore Branch

Nordic Bank Limited has pleasure in announcing the opening of its Singapore Branch with effect from October 28th

By opening this branch we can offer our customers a full range of banking services in the Far East including

Asian Currency Banking Facilities Foreign Exchange  
Shipping Finance Loan Syndication  
Project Finance Corporate Financial Advice

Branch Manager  
Haakon M Melander  
Nordic Bank Limited, Singapore Branch  
DBS Tower 2401, 6 Shenton Way Singapore 1  
Mailing Address: GPO Box 1769 Singapore 2

Shareholders  
Nordic Bank Limited  
Nordic Bank House  
41-43 Mincing Lane  
London EC3R 7SP  
Telephone: 01-626 9661-9

Head Office  
Nordic Bank Limited  
Nordic Bank House  
41-43 Mincing Lane  
London EC3R 7SP  
Telephone: 01-626 9661-9

Shareholders  
Nordic Bank Limited  
Nordic Bank House  
41-43 Mincing Lane  
London EC3R 7SP  
Telephone: 01-626 9661-9

Shareholders  
Nordic Bank Limited  
Nordic Bank House  
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Telephone: 01-626 9661-9

# 400,000 Depositary Shares



## Pioneer Electronic Corporation

(Pioneer Kabushiki Kaisha)

representing

4,000,000

Shares of Common Stock

(Par Value \$0 Japanese Yen Per Share)

OFFERING PRICE \$45.00 PER DEPOSITARY SHARE

Nomura Europe N.V.

N. M. Rothschild & Sons Limited

Pierson, Heldring & Pierson N.V.

Amsterdam-Rotterdam Bank N.V.

- ALGERIENS BANK NEDERLAND N.V.
- BANK BRUXELLES-LAMBERT S.A.
- BANQUE INTERNATIONALE A LUXEMBOURG S.A.
- BANQUE DE PARIS ET DES PAYS-BAS
- BANQUE DE L'UNION EUROPEENNE
- BERLINER HANDELS-UND FRANKFURTER BANK
- JAMES CAPEL & CO.
- CHRISTIANIA BANK OG KREDITKASSE
- CREDIT LYONNAIS
- DEUTSCHE BANK AKTIONGESELLSCHAFT
- DILLON, READ OVERSEAS CORPORATION
- FIRST BOSTON (EUROPE) LIMITED
- HAMBROS BANK LIMITED
- KIDDER, PEARSON INTERNATIONAL LIMITED
- LABOUCHERE & CO. N.V.
- LAZARD FRERES ET CIE
- MANUFACTURERS HANOVER LIMITED
- MORGAN & CIE INTERNATIONAL S.A.
- NEDERLANDSE CREDITBANK N.V.
- THE NIKKO SECURITIES CO. (EUROPE) LTD.
- NOMURA INTERNATIONAL (HONG KONG) LTD.
- PAINE WEBBER JACKSON & CURTIS INTERNATIONAL S.A.
- J. HENRY SCHRODER WAGG & CO. LIMITED
- SMITH, BARNEY & CO. INCORPORATED
- SVENSKA HANDELSBANKEN
- S. G. WARBURG & CO. LTD.
- YAMAICHI INTERNATIONAL (EUROPE) LIMITED
- BANCA COMMERCIALE ITALIANA
- BANK GUTZWILLER, KUNZ, BUNZENER (OVERSEAS) LIMITED
- BANQUE DE L'INDOCHINE ET DE SUZ
- BANQUE NATIONALE DE PARIS
- BANQUE POPULAIRE SUISSE (UNDERWRITERS) S.A.
- BARING BROTHERS & CO. LIMITED
- BLUTH EASTMAN DILLON & CO. INTERNATIONAL LIMITED
- W. I. CARR SONS & CO. (OVERSEAS) LTD.
- CREDITATSTANT-BANKVEREIN
- CREDIT SUISSE WHITE WELD LIMITED
- DEUTSCHE GROSZENTRALE-DEUTSCHE KOMMUNALBANK
- DREXEL BURNHAM & CO. INCORPORATED
- ROBERT FLEMING & CO. LIMITED
- HESSISCHE LANDESBANK-GROSZENTRALE
- KLEINWORT, BENSON LIMITED
- F. VAN LANSCHOT, BANKERS
- LAZARD FRERES & CO.
- MERRILL, LYNCH, PIERCE, FENNER & SMITH SECURITIES UNDERWRITER LIMITED
- MORGAN GRENFELL & CO. LIMITED
- NEW COURT SECURITIES CORPORATION
- THE NIPPON KANGYO KAKUMARU SECURITIES CO. LTD.
- SAL. OPPENHEIM JR. & CIE
- SANVO SECURITIES CO. LTD.
- N.V. SLAVENBERG BANK
- STRAUSS, TURNBULL & CO.
- VICKERS, DA COSTA & CO. RAHAMANS LTD.
- WESTDEUTSCHE LANDESBANK GROSZENTRALE
- YAMATANE SECURITIES CO. LTD.

# Lloyd's signs ship contract with India

Financial Times Reporter  
LLOYD'S REGISTER has signed a "dual class" agreement with the Indian Register of Shipping covering the classification of ships and inspection of marine equipment.

The arrangement provides for joint surveys where both organisations have surveyors at a port or, by mutual agreement, one party may carry out the survey on behalf of both societies.

The agreement covers the exchange of technical information, the preservation of the same standards of classification and maintenance of ships, co-ordination of survey approval of plans for new construction and tests on materials and components.

# City Press relaunch

CITY PRESS, the City of London weekly newspaper established in 1887 and the oldest financial weekly in Britain, was relaunched yesterday as a European business weekly.

It will aim to place the financial operations of the City in their international context and to mirror London's unique ability to serve the needs of worldwide trade and finance.

The 118-year-old newspaper was bought last May by Vokos Publishing, a company set up by Mr. Themistocles Vokos, publisher of Seatrade.

# Datsun prices going up

THE PRICES of most Datsun cars are to go up on Saturday. The Cherry 100A De Luxe two-door saloon will go up by £50 to £1,409; the Sunny 120Y four-door saloon by £14 to £1,598; the Sunny 120Y coupe by £120 to £1,739; and the Bluebird 160B saloon by £111 to £1,885.

هنا من الناصر



## 'Titanic without an orchestra'

[illegible]

Incorporated

**Smith, Barney & Co.**  
Incorporated



## Sea, Diamond Corporation Limited ('Sea')

(Incorporated in the Republic of South Africa)

Scheme of Arrangement between Sea and its Ordinary Shareholders (other than De Beers Holdings (Pty.) Limited and its nominees ("Dehold")) to which De Beers Consolidated Mines Limited ("De Beers") is a party

The Scheme of Arrangement which, as announced in the Press on 5th October 1975, was approved at a meeting of Sea's shareholders (other than Dehold) held on 6th October 1975, was duly sanctioned by an Order of the Supreme Court of South Africa (Northern Cape Division) ("the Court") made on 24th October 1975.

The Court has also granted an Order confirming the reduction of the share capital of Sea and it is confirmed that the date on which the Scheme will become operative will be 3rd November 1975, i.e. the date on which the Court Order will be registered by the Registrar of Companies.

The last day for Sea's members to register for the purpose of the Scheme will be 31st October 1975. Until the close of business on 31st October 1975, Sea will accept duly completed documents for the registration of transfer of shares in its capital. For this purpose duly completed documents enclosed in an envelope postmarked with a date not later than 31st October 1975 will be accepted by Sea provided they are received by not later than 5th November 1975.

Sea's shares will be delisted on The Johannesburg Stock Exchange and The Stock Exchange, London at the close of business on 31st October 1975. The Johannesburg Stock Exchange, and The Stock Exchange, London, have granted listings for the 331 500 new De Beers deferred shares as from the commencement of business on 3rd November 1975.

To obtain their share certificate(s) in respect of their entitlement to De Beers's deferred shares in terms of the Scheme of Arrangement, Sea's shareholders are requested to surrender their share certificates as soon as possible to De Beers's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg, 2001, or P.O. Box 61051, Marshalltown, 2107, or to Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ, England. For this purpose surrender forms will be despatched to Sea shareholders on or about 28th October 1975. In accordance with United Kingdom Exchange Control regulations, such shareholders who are residents of the United Kingdom, the Channel Islands, the Isle of Man and Gibraltar and non-residents of those countries whose certificates or other documents of title are lodged with United Kingdom Authorised Depositaries, must surrender their share certificates through an Authorised Depositary. New De Beers share certificates will only be issued to the Authorised Depositary surrendering the Sea certificates.

Cheques in payment of fractions will be posted to the shareholders entitled thereto on 18th November 1975.

Kimberley,  
28th October 1975.

## The Consolidated Diamond Mines of South West Africa Limited ('CDM')

(Incorporated in the Republic of South Africa)

Scheme of Arrangement between CDM and its Ordinary and Preference Shareholders (other than De Beers Consolidated Mines Limited and its nominees and subsidiary companies) to which De Beers Consolidated Mines Limited ("De Beers") is a party.

The Schemes of Arrangement which, as announced in the Press on 8th and 15th October 1975, were approved at meetings of CDM's ordinary and preference shareholders (other than De Beers and its nominees and subsidiary companies) held on 6th October 1975, were duly sanctioned by Orders of the Supreme Court of South Africa (Northern Cape Division) ("the Court") made on 24th October 1975.

The Court has also granted an Order confirming the reduction of the share capital of CDM and it is confirmed that the date on which the Schemes will become operative will be 3rd November 1975, i.e. the date on which the Court Orders will be registered by the Registrar of Companies.

The last day for CDM's ordinary and preference shareholders to register for the purposes of the Schemes will be 31st October 1975. Until the close of business on 31st October 1975, CDM will accept duly completed documents for the registration of transfer of ordinary and preference shares in its capital. For this purpose duly completed documents enclosed in an envelope postmarked with a date not later than 31st October 1975 will be accepted by CDM provided they are received by not later than 5th November 1975.

CDM's ordinary and preference shares will be delisted on The Johannesburg Stock Exchange and The Stock Exchange, London at the close of business on 31st October 1975. The Johannesburg Stock Exchange, and The Stock Exchange, London, have granted listings for the 2 583 000 new De Beers deferred shares and for the 2 684 548 new De Beers cumulative second preference shares as from the commencement of business on 3rd November 1975.

To obtain their share certificate(s) in respect of their relevant entitlement to De Beers deferred and cumulative second preference shares in terms of the Schemes, CDM's ordinary and preference shareholders are requested to surrender their share certificates as soon as possible to De Beers's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg, 2001, or P.O. Box 61051, Marshalltown, 2107, or to Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ, England. For this purpose surrender forms will be despatched to CDM ordinary and preference shareholders on or about 28th October 1975. In accordance with United Kingdom Exchange Control regulations, such shareholders who are residents of the United Kingdom, the Channel Islands, the Isle of Man and Gibraltar and non-residents of those countries whose certificates or other documents of title are lodged with United Kingdom Authorised Depositaries, must surrender their share certificates through an Authorised Depositary. New De Beers share certificates will only be issued to the Authorised Depositary surrendering the CDM certificates.

A notice to holders of ordinary and preference share warrants to bearer will be published in the Press today by the London Secretaries of the Company, giving details of the procedure to be adopted by bearer warrant holders regarding the surrender of their existing bearer warrants.

Kimberley,  
28th October 1975.

## The Consolidated Diamond Mines of South West Africa Limited ('CDM')

(Incorporated in the Republic of South Africa)

Scheme of Arrangement between CDM and its Ordinary and Preference Shareholders (other than De Beers Consolidated Mines Limited and its nominees and subsidiary companies) to which De Beers Consolidated Mines Limited ("De Beers") is a party.

### NOTICE TO HOLDERS OF ORDINARY AND PREFERENCE SHARE WARRANTS TO BEARER

The attention of holders of ordinary and preference share warrants to bearer is drawn to the announcement advertised by the company today confirming, *inter alia*, that the abovementioned Schemes of Arrangement were duly sanctioned by the Supreme Court of South Africa (Northern Cape Division) on 24th October 1975 and that the operative date of the Schemes will be 3rd November 1975.

To obtain their relevant entitlement to De Beers deferred and cumulative second preference shares in terms of the Schemes, holders of ordinary and preference share warrants to bearer are requested to surrender their share warrant(s) together with talon(s) and outstanding coupons as soon as possible to one of the following offices:

Charter Consolidated Limited,  
London Bearer Reception Office,  
7 Rolls Buildings,  
Fetter Lane,  
London, EC4A 1HX.

Banque Bruxelles Lambert,  
2 rue de la Regence,  
Brussels.

Credit Suisse,  
Bahnhofstrasse 8,  
Zurich.

Swiss Bank Corporation,  
1 Aeschenvorstadt,  
Basle, 4002.

Banque Rothschild,  
21 rue La Fayette,  
Paris 9e.

Societe Generale de Banque,  
3 Montagne du Parc,  
Brussels, 1000.

Union Bank of Switzerland,  
Bahnhofstrasse 45,  
Zurich.

Banque Lambert-Luxembourg,  
11 Boulevard Grande-Duchesse Charlotte,  
Luxembourg.

For the above purpose listing and surrender forms are now obtainable from the abovementioned offices. Share warrant(s), talon(s) and coupons surrendered to Charter Consolidated Limited must, in accordance with United Kingdom Exchange Control Regulations, be surrendered through an Authorised Depositary, e.g. banks and stockbrokers in, and solicitors practising in, the United Kingdom, the Channel Islands and the Isle of Man.

Holders of CDM ordinary share warrants to bearer will, on delivery up of such warrant(s), together with talon no 3 and coupons nos. 76 to 84 inclusive be entitled at their option to require that all the shares to which they are entitled under the ordinary Scheme, be issued to them (in accordance with any applicable Exchange Control Regulations) in either registered form or in the form of share warrants to bearer in denominations of 100 De Beers deferred shares (but not partly one and partly the other except where the number of shares to be issued is not a multiple of one hundred). The right to opt for share warrants to bearer will lapse after two years and only registered certificates will be issued thereafter.

Holders of CDM preference share warrants to bearer will in terms of the preference Scheme be entitled, on delivery up of such warrants together with talon no 4 and coupons nos. 81 to 90 inclusive, to the issue of De Beers cumulative second preference shares in registered form only.

For and on behalf of  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED  
London Secretaries  
E. Burrows

London Office:  
40 Holborn Viaduct,  
EC1P 1AJ.

28th October 1975.

## APPOINTMENTS

### Non-executive posts at Reed International



Mr. J. H. Harvey-Jones



Mr. J. H. Macdonald

Mr. J. H. Harvey-Jones and Mr. J. H. Macdonald have been appointed non-executive directors on the Board of REED INTERNATIONAL. Mr. Harvey-Jones is a director of ICI with special responsibility for ICI's fibres and textile operations. Mr. Macdonald, a chartered accountant, is finance controller of the Royal Dutch/Shell Group of Companies.

Mr. Clement R. Seamus has joined POLYPENCO as managing director. He was previously a director of Alenco. Mr. J. D. R. Macdonald becomes deputy chairman of Polypenco and continues as European vice-president of the parent company, Polymer Corporation.

Mr. R. K. Bishop, deputy chief general manager of PHOENIX ASSURANCE COMPANY, will relinquish the management of the group's home operations from January 1 and will assume the management of the group's general operations overseas. From the same date, Mr. A. R. Matanie will become general manager (home) in charge of the general operations of the group in the U.K. and the Republic of Ireland.

Mr. F. Gorb, who resigned as deputy managing director of the BURTON GROUP last month, has ceased to be a member of the Board and its subsidiaries.

### British Leyland special products management

Mr. David Abell, managing director of BRITISH LEYLAND special products, has named his top management team.

They are Mr. D. A. Field, managing director, Prestcold Holdings, Macclesfield, Cheshire; Mr. A. G. Lewis, managing director, Alvis; Mr. A. Chedham, managing director, Aveling-Barford; Mr. R. P. Lister, managing director, Coventry Climax Engines; Mr. P. B. Durrant, operations director, specialist equipment operations; Mr. J. J. Field, general manager, the Nuffield Press; Mr. B. D. Hoare, finance director; and Mr. W. Smeddon, personnel director of the Leyland special products group.

The special products group of British Leyland is headquartered at Grantham, Lincs, and embraces all the specialist engineering activities of the company. The group markets the most diverse range of products including refrigeration equipment, special construction vehicles and earth-moving machines, tanks and military vehicles, forklift trucks, mining, quarrying and roadbuilding machinery, trailers and printing facilities.

Mr. Charles Westgarth has been appointed managing director of CARLTON DIECASTINGS. Mr. A. F. Thompson, financial director, Mr. J. G. Wilson, becomes sales director and Mr. J. Allison remains production director. The company has been acquired by Michael Denny (Holdings).

Mr. Jack Hollands has succeeded Lord Buckhurst as chairman of RE-CHEM INTERNATIONAL, a member of the British Electrical Traction Company's reclamation and disposal group. Lord Buckhurst, a main Board BET director and the present managing director of Rediffusion, is resigning as chairman because of pressure of other commitments within the BET group.

Mr. W. Esterfeld has been appointed a director of ROBB CALEDON SHIPBUILDERS.

Mr. Douglas F. Todd has been appointed managing director of ANDROS AND WITHEMORS. He retains his seat on the Board of the associate company Black-Clawson International.

Mr. G. T. Mahon has been appointed a director of CENTURY SECURITIES from Nov. 1.

Mr. J. S. Harvey, who was recently appointed managing director of Spillers-French Baking, has also been appointed a director of SPILLERS-FRENCH LIMITED, the management company of the Spillers-French Group.

Mr. Hume Baggis-Rolfe, at present Deputy Clerk of the Crown in Chancery, Lord Chancellor's Office, is retiring on Dec. 31 and will be succeeded by Mr. J. W. Bourne. Mr. A. D. M. Oulton will become a Deputy Secretary in the Lord Chancellor's Office from Jan. 1.

Five new members have been appointed to the DESIGN COUNCIL. They are Miss Mary McRobert, director, Retail Trading Standards Association; Mr. Ronald G. C. Swain, chairman, Overseas Containers; Mr. C. E. W. Tringham, chairman, W. H. Smith and Son (Holdings); Dr. Margaret Weston, director, Science Museum; and Mr. Keith Wrighton, director, F. Wrighton and Sons.

Mr. David Carter succeeds Mr. Martin Moss as joint deputy chairman of the Design Council and will be specially concerned with the council's industrial design interests and activities. Mr. Hugh Conway continues as joint deputy chairman with a special concern for engineering design matters.

The HEATRAE SEDIA GROUP has made the following appointments to Boards of the Group. Seating Division: Heatrae, Mr. R. J. Gorton and Mr. J. Dickson; Sedia Water Heaters, Mr. J. E. Valls and Mr. T. Lewis; Heated Equipment, Mr. A. Fadden. Divisional chief executive is Mr. C. E. G. Bushby.

Catering Equipment Division: Heatrae Catering Equipment, Mr. Gorton. Divisional chief executive is Mr. J. Baker.

Refrigeration Division: Sedia Airfreeze, Mr. Gorton, Mr. W. Lines and Mr. G. Swain. Divisional chief executive is Mr. R. E. Field.

Mr. Bushby, Mr. Baker and Mr. LYNDON. He retains his seat on the Board of the recently-formed Heatrae Sedia International.

### Long-range forecasters maintain success rate

BY DAVID FISHLICK, SCIENCE EDITOR

THE SUCCESS RATE of the long-range weather forecasts issued by the Meteorological Office was maintained last year, in spite of the very erratic behaviour of Britain's weather; substantial contribution went to the Office's latest annual report.

Last year was unusual as a very mild winter was followed by an exceptionally dry spring, cool summer and a very wet and cold early autumn, the report says.

It was still not possible to predict day-to-day weather in the 30-day forecasts, but its experimental seven-day forecast prepared with each 30-day forecast "usually gives good guidance for the first week."

The Meteorological Office now had techniques enabling the broad weather types in different parts of the month to be distinguished, if they were likely to differ conspicuously from one another.

About 1,700 subscribers were taking a 30-day forecast, issued twice a month with more detail than those issued to the media.

Dr. Brian Mason, director general, says in an introduction to the report that demand for the Meteorological Office's services continues to expand. It totalled a record 1.5m. inquiries from industry and the general public last year. Bad weather in the main harvesting and holiday season produced a peak of 215,000 inquiries in August.

A greatly increased demand came from industry for special services for offshore activities, in which detailed forecasts for up to 72 hours ahead were being supplied to 45 offshore locations—production platforms, exploration rigs, pipe-laying vessels and so on.

### Boost for jobs in the North

THE NORTHERN Industrial Development Board has passed expansion projects by 11 companies involving 800 new jobs. Companies to receive Government aid include Garrod Print, of Catterham, Surrey, which will operate at Washington New Town, and Christie Malcolm, Newcastle printers and carton makers, which will move into a larger factory.

## INTERIM STATEMENT

### Globe Investment Trust LIMITED

Interim Report (Unaudited) for the six months ended 30th September, 1975.

	Six months ended 30th September 1975	1974
<b>Earnings</b>		
Gross Revenue	£2,901,000	£2,595,000
Earnings before taxation	£2,463,000	£2,167,000
Taxation	925,000	766,000
Earnings after taxation	£1,538,000	£1,401,000

#### Interim Dividend

The Directors have declared an unchanged interim dividend of 0.95p per stock unit absorbing £896,314 and payable on 29th December, 1975 to stockholders on the register on 28th November, 1975.

	30th September 1975	31st March 1975
<b>Assets</b>		
Investments at Market Value or Valuation	£109,039,000	£91,544,000
Net Assets	£96,463,000	£81,190,000
Net asset value per stock unit of 25p	102½p	86p
Net asset value per stock unit of 25p allowing for full conversion of Loan Stock	103½p	88½p



AN ELECTRA HOUSE COMPANY

### Premier (Transvaal) Diamond Mining Company Limited ('Premier')

(Incorporated in the Republic of South Africa)

Scheme of Arrangement between Premier and its Deferred and Preference Shareholders (other than De Beers Consolidated Mines Limited and its nominees) to which De Beers Consolidated Mines Limited ("De Beers") is a party.

The Schemes of Arrangement which, as announced in the Press on 8th October 1975, were approved at meetings of Premier's deferred and preference shareholders (other than De Beers and its nominees) held on 6th October 1975, were duly sanctioned by Orders of the Supreme Court of South Africa (Northern Cape Division) ("the Court") made on 24th October 1975.

The Court has also granted an Order confirming the reduction of the share capital of Premier and it is confirmed that the date on which the Schemes will become operative will be 3rd November 1975, i.e. the date on which the Court Order will be registered by the Registrar of Companies.

The last day for Premier's deferred and preference shareholders to register for the purposes of the Schemes will be 31st October 1975. Until the close of business on 31st October 1975, Premier will accept duly completed documents for the registration of transfer of deferred and preference shares in its capital. For this purpose duly completed documents enclosed in an envelope postmarked with a date not later than 31st October 1975 will be accepted by Premier provided they are received by not later than 5th November 1975.

The Johannesburg Stock Exchange, and The Stock Exchange, London have granted listings for the 4 985 new De Beers deferred shares and for the 202 380 new De Beers cumulative second preference shares as from the commencement of business on 3rd November 1975.

To obtain their share certificate(s) in respect of their relevant entitlement to De Beers deferred and cumulative second preference shares in terms of the Schemes of Arrangement, Premier's deferred and preference shareholders are requested to surrender their share certificates as soon as possible to De Beers's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg, 2001, or P.O. Box 61051, Marshalltown, 2107, or to Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ, England. For this purpose surrender forms will be despatched to Premier deferred and preference shareholders on or about 28th October 1975. In accordance with United Kingdom Exchange Control regulations, such shareholders who are residents of the United Kingdom, the Channel Islands, the Isle of Man and Gibraltar and non-residents of those countries whose certificates or other documents of title are lodged with United Kingdom Authorised Depositaries, must surrender their share certificates through an Authorised Depositary. New De Beers share certificates will only be issued to the Authorised Depositary surrendering the Premier certificates.

A notice to holders of preference share warrants to bearer will be published in the Press today by the London Secretaries of the company, giving details of the procedure to be adopted by bearer warrant holders regarding the surrender of their existing bearer warrants.

Kimberley,  
28th October 1975.

### PREMIER (TRANSVAAL) DIAMOND MINING COMPANY LIMITED ('PREMIER')

(Incorporated in the Republic of South Africa)

Scheme of Arrangement between Premier and its Preference Shareholders (other than De Beers Consolidated Mines Limited and its nominees) to which De Beers Consolidated Mines Limited ("De Beers") is a party

#### NOTICE TO HOLDERS OF PREFERENCE SHARE WARRANTS TO BEARER

The attention of holders of preference share warrants to bearer is drawn to the announcement advertised by the company today confirming, *inter alia*, that the abovementioned preference share Scheme of Arrangement was duly sanctioned by the Supreme Court of South Africa (Northern Cape Division) on 24th October 1975 and that the operative date of the Scheme will be 3rd November 1975.

To obtain their entitlement to De Beers cumulative second preference shares in terms of the Scheme, holders of preference share warrants to bearer are requested to surrender their share warrant(s) together with talon(s) and coupons nos. 74 to 93 inclusive as soon as possible to one of the following offices:

Charter Consolidated Limited,  
London Bearer Reception Office,  
7 Rolls Buildings,  
Fetter Lane,  
London, EC4A 1HX.

Banque Bruxelles Lambert,  
2 rue de la Regence,  
Brussels.

Credit Suisse,  
Bahnhofplatz 8,  
Zurich.

Swiss Bank Corporation,  
1 Aeschenvorstadt,  
Basle, 4002.

Banque Rothschild,  
21 rue La Fayette,  
Paris 9e.

Societe Generale de Banque,  
3 Montagne du Parc,  
Brussels, 1000.

Union Bank of Switzerland,  
Bahnhofstrasse 45,  
Zurich.

Banque Lambert-Luxembourg,  
11 Boulevard Grande-Duchesse Charlotte,  
Luxembourg.

For the above purpose listing and surrender forms are now obtainable from the abovementioned offices. Share warrant(s), talon(s) and coupons surrendered to Charter Consolidated Limited must, in accordance with United Kingdom Exchange Control Regulations, be surrendered through an Authorised Depositary, e.g. banks and stockbrokers in, and solicitors practising in, the United Kingdom, the Channel Islands and the Isle of Man.

In terms of the Scheme, the De Beers cumulative second preference shares will be issued in registered form only.

For and on behalf of  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED  
London Secretaries  
E. Burrows

London Office:  
40 Holborn Viaduct,  
EC1P 1AJ.

28th October 1975.







# BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

## Partner Wanted

### Drilling in Egypt

Offering limited or general non-operating interest partnership to participate in drilling 20,000-acre structure on 740,000-acre onshore concession near Cairo. January spudding anticipated.

CONTACT: Bill St. John  
LVO International, Inc.  
P.O. Box 2600  
Tulsa, OK 74101  
Telephone: 918/587-5191  
Telex: 49-7492-LVO TUL

### AN EXCELLENT BUSINESS OPPORTUNITY

Two U.S. Companies with established universal distribution have joined forces to launch a new product which is now to be introduced into the U.K. and European markets. The product name and identity is familiar throughout the world. The unique opportunity to market and distribute the product through retail shops and otherwise is afforded to individuals or companies with substantial capital to invest. Applications are invited which will be treated in the strictest confidence.

Apply:  
United Greeting Card Company Limited,  
North Bridge Road,  
Berkhamsted,  
Herts.  
Tel: Berkhamsted 71381.

### COSMETICS AND TOILETRIES BUSINESS PARTNERSHIP

International company considering investment in the United Kingdom is seeking a suitable business partnership with a company in the cosmetic, toiletry or similar field. Funds are available for equity participation but if preferred a first stage could be joint exploitation of both companies' products/new products in the U.K. as well as abroad. Principals only are invited to write brief details, in complete confidence to:

Box E.6771,  
Financial Times, 10, Cannon Street, EC4P 4BY

**AMERICAN COMPANY**  
wishes to obtain injection moulding capacity starting quarter of a million pounds sterling per annum, building up to one million pounds sterling per annum. Modern machines only considered from 8 to 24 oz. capacity. Preferably company will be situated in development area. Considerable technical and financial resources available.

Please reply to: Box E.6745, Financial Times,  
10 Cannon Street, EC4P 4BY

### AGENT WANTED

A new and exclusive automatic spring loaded grease feeder for bearings (American product) and already successfully introduced in most European countries is offered for sole distribution in the UK to a dynamic sales organization operating in the mechanical industries field.

Please add company information to your inquiry addressed to:  
STEIGER ENGINEERING AG, Halmstrasse 8, 8008 Zurich (Switzerland).

### A PRIVATE BRITISH COMPANY

has recently opened a Pipe and Storage Tank Fabrication Shop and Erection Service to serve the Oil, Gas, Petro-Chemical and Offshore Industries in the Gulf States area. Immediate capacity available. Inquiries welcome.

WELTITE ENGINEERING LTD.,  
Salisbury Road, Amman, Jordan.  
Tel: Amman 402767  
Telex: 62222  
or direct to:  
Area Director,  
Weltite Engineering Ltd.,  
Mine Salomon Industrial Estate,  
Mansfield, Notts.  
Tel: 713450  
Telex: 8333 Briton G. I.

### BUILDING COMPANY

NOTTINGHAM BASED.  
Currently building and developing to values of £200,000. Would consider contracts with Group or Public Company, etc. up to values and in excess of £500,000.

Reply in confidence. Write Box E.6784, Financial Times, 10, Cannon Street, EC4P 4BY.

### HOLLAND REPRESENTATION OFFICE

U.K. Pneumatics Company with subsidiary Dutch Technisch Sales Company near Schiphol/Amsterdam seeks additional representation in pneumatic or engineering products or other full sales office facilities (Tele. English-speaking staff, accounts). Write Box E.6753, Financial Times, 10, Cannon Street, EC4P 4BY.

### MARKETING AND ADVERTISING OPPORTUNITY

Fully operational Paris Marketing Company available for acquisition from British advertising agency with £200,000 p.a. Good offices and staff both ready. Reply Box E.6767, Financial Times, 10, Cannon Street, EC4P 4BY.

### NATIONWIDE NETWORK OF FEMALE

available in purchase majority or complete shareholdings in companies with good potential. Must be situated in U.K. or Ireland. Write Box E.6788, Financial Times, 10, Cannon Street, EC4P 4BY.

### RETAILERS

Wherever cash is handled there is a temptation for the potentially dishonest. In retailing, it is easy to dispose cash theft by under-ringing or not registering sales. Indeed, this is the biggest single cause of inventory stock loss. Lodge Service, with branches throughout Britain and over 50 years' experience, is able to help retailers at a low cost to reduce and control stock loss, thereby increasing their profits. Consultations carried out on obligation. Write:  
LODGE SERVICE,  
59 St. James's Street, London SW1A 1LB.

### CHRISTIE & CO.

Our clients need substantial tax loss situations in the following businesses: ESTATE AGENTS, INDUSTRIAL SECURITY EMPLOYMENT AGENCIES. Please contact us at 32 Baker Street W1N 1BU. Clients also seek dividend or trading companies with pre-tax profits of zero-£1m.

### FINANCE

Minimum loan £50,000 Commercial mortgages Building finance Export finance, etc. LADVOY DU PREEZ, 10 Southgate, King Street West, Manchester M2 2RA. 061-822 4332

### CAPITAL OF £100,000 OR MORE

available in purchase majority or complete shareholdings in companies with good potential. Must be situated in U.K. or Ireland. Write Box E.6788, Financial Times, 10, Cannon Street, EC4P 4BY.

### WORKING DIRECTORSHIP WANTED

by qualified Engineer with 27 years' construction experience in a North West construction company. Some capital available. Write Box E.6778, Financial Times, 10, Cannon Street, EC4P 4BY.

### BANKRUPTCY AUCTION

On behalf of the banking pool we are selling by auction the complete mechanical equipment as well as the office and business equipment of the company

**FOUQUET-WERK, FRAUZE u. PLANCK**  
Machine Factory  
7407 ROTTENBURG/NECKAR, Nr. Stuttgart  
Gartenstr. 87

TUESDAY, 11th NOVEMBER  
WEDNESDAY, 12th NOVEMBER, 1975  
Commencing at 10 a.m.

Approx. 1,000 lots will be up for sale, among them:  
Schieffelin lathes (some numerically controlled), Scharmann, Wozan and Union drilling machines (some numerically controlled), approx. 150 radial drilling machines and column boring machines, universal vertical and horizontal milling machines, flat milling machines, Planer milling machines, L. Z. lathes, several folding presses, tool cabinets and toolboards, crane plant, electric hoists, a variety of workbenches and vices, welding units, transport devices and fork-lift trucks, huge quantities of shavings of various designs, vehicle park.

Latest office equipment by Vokab and Pahlströmer, electric typewriters, electronic calculators, first-class conference room equipment, approx. 50 Mascher-Fleuret drawing machines, built 1971-73, complete canteen equipment, etc.

Inspection: on Saturday, 8th November 1975, 9 to 15.00 hrs. and Monday, 10th November 1975, 9 to 16.00 hrs. and on the auction days from 9 a.m.

**HORST F. G. ANGERMANN**  
HAMBURG  
VERSETER U. OFFIZIELLE  
BESTELLER VERSTÄRKER  
SCHNEIDER-STRASSE 1  
2000 HAMBURG 1  
Telefon: 36 79 93 79 6 02-15303 02-15303

### MOTOR FACTORS & SPECIALISED COMPONENT DISTRIBUTORS

Is your business suffering from  
FINANCIAL PROBLEMS?  
LIQUIDITY STRAIN?  
CASH FLOW TROUBLE?

If your approach to these difficulties is realistic, we may be interested in acquiring your business.

Principals are invited to write giving brief details to:

### AUTOPARTS

Managing Director,  
Armstrong Autoparts Limited,  
Glen Lane, Melton,  
North Ferry, Humberside HU14 3HT.

### ARMSTRONG

### SOLE CITY PRACTITIONERS SEEKS AMALGAMATION

SPRILLING OVERHEADS REQUIRE SOLICITOR (early 40s) TO INVITE MERGER DISCUSSIONS WITH LARGER FIRM IN CENTRAL LONDON

His personal gross fees derived from Corporate, Property, Tax Planning and general Commercial work have of recent years been on the order of approximately £40,000 p.a. This has been achieved without any executive staff. The opportunity for expansion exists if linked to a larger firm with a corporate type of practice and similar approach to services clients' requirements. The advertiser has no previous obligations. PLEASE REPLY TO BOX E.6747, FINANCIAL TIMES, 10, CANNON STREET, EC4P 4BY.

### LIGHT ENGINEERING

A substantial light/medium engineering business which is part of a large international company is seeking new product lines with an established market and opportunities to manufacture under licence.

It is open to suggestions involving either manufacturing these products using its existing facilities, or, in the right circumstances, acquisition.

Capacity is also available for sub-contract manufacture of complete machines or components.

Write Box E.6765,  
Financial Times, 10, Cannon Street, EC4P 4BY

### SALES AGENTS REQUIRED

Due to expansion, agents required throughout the UK for the sale of revolutionary patented auto parking equipment. Successful applicants will require a knowledge of engineering and be familiar with negotiations with architects and local authorities. Replies giving details of existing corporate structure should be sent to Box E.6751, Financial Times, 10, Cannon Street, EC4P 4BY.

### DO YOU KNOW YOUR OVERSEAS MARKETS?

Anywhere in the world, where satisfactory information on companies is available, Jordans can get the facts. Tel: 01-253 3030 Telex 261010 Jordan B. Jordans

### BUILDERS & CONTRACTORS

Who have Estimating Problems — this no longer need occur. Contact a fully qualified, comprehensive Confidential Estimating Service, experienced for over 27 years. A successful National rapidly expanding company ready to help you. Telephone, write or call for Brochure: B.A.S. (E & S) LTD., "Hay House", 21 Stroud Road, Gloucester. Tel. 27511.

### LEISURE INDUSTRY SMALL/MEDIUM HOLIDAY CENTRE FOR SALE

Excellent Profits and expansion possibilities. Write Box E.6749, Financial Times, 10, Cannon Street, EC4P 4BY.

### OFFICE, BASE OR MAIL BOX IN ZUG/SWITZERLAND?

We offer: Formation, domiciliation and administration of Swiss and foreign companies, lawyers/Export Agency, Export to Middle East. Please contact: Hans Lippert, Treubau und Verwaltung, P.O. Box 168, 6300 Zug/Switzerland. Tel: 0452-21 64. Telex: 78904 P.O. ch.

### MANCHESTER

Self-employed agent with sales bearing One Million Pounds. About to consider further representations in low priced garments to bulk users. Not overseas. Write Box E.6746, Financial Times, 10, Cannon Street, EC4P 4BY.

### PUBLISHERS planning for equipment

should contact S.E. London printers and publishers to expand their business. Services: confidence. Write Box E.6770, Financial Times, 10, Cannon Street, EC4P 4BY.

### CAPITAL AVAILABLE

Financial Companies £75 formed or ready-made Express Co. Registration Ltd. 30 City Rd. EC2 0JH. £45,000-£100,000. Elected by members. £100,000-£250,000. £250,000-£500,000. £500,000-£1,000,000. £1,000,000-£2,500,000. £2,500,000-£5,000,000. £5,000,000-£10,000,000. £10,000,000-£25,000,000. £25,000,000-£50,000,000. £50,000,000-£100,000,000. £100,000,000-£250,000,000. £250,000,000-£500,000,000. £500,000,000-£1,000,000,000. £1,000,000,000-£2,500,000,000. £2,500,000,000-£5,000,000,000. £5,000,000,000-£10,000,000,000. £10,000,000,000-£25,000,000,000. £25,000,000,000-£50,000,000,000. £50,000,000,000-£100,000,000,000. £100,000,000,000-£250,000,000,000. £250,000,000,000-£500,000,000,000. £500,000,000,000-£1,000,000,000,000. £1,000,000,000,000-£2,500,000,000,000. £2,500,000,000,000-£5,000,000,000,000. £5,000,000,000,000-£10,000,000,000,000. £10,000,000,000,000-£25,000,000,000,000. £25,000,000,000,000-£50,000,000,000,000. £50,000,000,000,000-£100,000,000,000,000. £100,000,000,000,000-£250,000,000,000,000. £250,000,000,000,000-£500,000,000,000,000. £500,000,000,000,000-£1,000,000,000,000,000. 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# BUSINESS BOOKS

## Imperial Memories Money misjudged

By RAY DAFTER

**Imperial Chemical Industries: History, Volume II: The First Quarter-Century, 1926-1952**, by W. J. Reader, Oxford University Press, £18.50, 588 pages.

Industrial historians will see the 1970s as being a time when the chemical industry, if not a turning point in the development of Britain's biggest industrial sector, is moving into the role of a major producer, thus enhancing its vertical integration. It is developing more positively its activities on the Continent and in the Far East, thus pushing the emphasis away from the traditional British Empire.

It has been a long time since ICI has also demonstrated in this time that its size is not too large for its market place: the acquisition of the British Chemicals Corporation, the largest of the chemical industry based on the production of chemicals, is a case in point.

Mr. Jack Callard, chairman of ICI in 1971, said the group would be using its cutting edge on the international markets of the world.

ICI was going to be a "big and profit hungry" giant, as Dr. Reader puts it, during the thirties and forties, when the chemical industry based on the production of chemicals, is a case in point.

ICI came into existence in 1926 after a merger between the four largest companies in the British chemical industry: Brunner, Mond, Nobel Industries, and British Dyestuffs Corporation.

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BY JAMES ENSOR

**Money**, by John Kenneth Galbraith, Andre Deutsch, £4.25, 312 pages.

**MONEY**: What a fascinating subject, yet how misunderstood. Professor Galbraith, at once the most readable and most influential of modern economists, shows in this wide ranging history that it was always so. And perhaps it always will be. For no subject attracts more specious experts, encourages the founding of more dubious myths or provides such a fertile field for what Galbraith, in an earlier book, dubbed "The Conventional Wisdom."

For most of world history, money and the economics of money have been in the hands of simple, practical men. Few of the great bankers of the middle ages were brilliant intellectuals, and bankers have mostly succeeded through being cautious, conservative and unthinking. Thus, it is only occasionally that a great blinding light has been thrown on the mechanics of the money market by a man of genius.

Kenneth Galbraith's book starts with the first of these men, Sir Thomas Gresham, who observed in 1558 following the thoughts of Copernicus and Oresme that "bad money always drives out good" reflecting the hoarding of good Roman coin.

Gresham's Law returns like a coda throughout the bizarre and often capricious history of money. John Law, a Scotsman who set up a bank in France during the reign of Philippe, Duc d'Orleans, and whom Galbraith compares to Bernie Cornfeld, fell foul of it. After a brilliant success he became "persuaded by his own notices" and as Galbraith remarks, "Once he was made Comptroller General of France and the first and only Duc d'Arkanza, the end was very near."

Law fell when the Prince de Conti decided to redeem his paper money with gold. Despite such ingenious ruses as impressing a thousand mendicants to march through the streets of Paris as if on their way to mine gold in Louisiana, confidence disappeared and the Banque Royale crashed, bringing the usual wake of broken fortunes, falling prices, rioting and an enduring suspicion of banks behind it.

Again and again Gresham's Law was forgotten. In 1797 the Bank of England, under pressure of the threat of French invasion, suspended the convertibility of its notes into gold. In the ensuing rush for gold coin, the Bank was driven to issue its stock of plundered Spanish pieces of eight with the head of George III hastily over-stamped. This gave rise to the memorable dictum:

*The Bank to make their Spanish dollars pass. Stamped the head of a fool on the neck of an ass.*

**Inflation**

The Revolution was paid for in paper money. So was the Confederate revolt. In each case inflation took hold so that a suit of clothes cost a million dollars by 1776.

Benjamin Franklin remarked ironically "The Currency, as we manage it, is a wonderful machine. It performs its office when we issue it; it pays and clothes troops and provides victuals and ammunition; and when we are obliged to issue a quantity excessive, it pays itself off by depreciation."

The Confederacy fought its war almost without recourse to taxation, issuing three times as much in notes as it borrowed, and setting off a raging inflation. But as Galbraith observes:

*The miracle of the Confederacy is not that it fell but that it survived, so long.*

The 1920s, of course, provide the most fascinating example of



Professor J. K. Galbraith

The colonial era in North America proved to be another period of monetary experimentation, especially as British rule petered out in the face of the successful revolt. The first U.S. dollars, lighter than Spanish dollars, drove them out of circulation in the South as they had driven out gold. "It was," says Galbraith, "Gresham with double effect."

By the war of 1812, with each of the States issuing their own currency, there was a well established system of discounting. Notes of New England, redeemable in gold, were accepted at par but the garish Baltimore and Washington notes had a 20 per cent discount and most of the western notes from across the Appalachians were at 50 per cent.

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the irresponsible and unimpeachable use of money. As Galbraith acidly observes, the new freedom from the Gold Standard gave nations a new freedom in monetary policy. The French taking the line of least resistance had the best results. The British taking the line of greatest resistance inflicted the greatest wounds and the Germans yielding to circumstance set off the greatest inflation.

The power of money is nowhere more ruthlessly exposed than in this period. The countries which suffered a collapse of their currency eventually experienced Fascism or Communism and in some cases both. The countries which did not suffer such a breakdown in their money were almost uniformly more fortunate.

John Maynard Keynes shines like Gresham and Ricardo over the centuries as a man with the brilliance to see through the confusing fog of theoretical dogma that has always been wrapped around money. As Galbraith remarks, his views on public spending, first put into effect by Hitler in building the autobahn, ran counter to all the contemporary wisdom. Once again, the bankers and Ministers were the sharpest opponents of what proved to be the right course.

The history of money, as Galbraith observes, does not encourage one to believe in the progress of human understanding. After 200 years of study, we find ourselves in a situation of rampant inflation, which from history we must accept can be as much a threat to the international order as deflation. It is Hobson's choice. Yet the proponents of the same middle view, are so often drowned in a howl of abuse from both sides.

## Multinational Pirates

BY JAMES ENSOR

**Global Reach: The power of the Multinational Corporations**, by Richard J. Barnett and Ronald E. Muller, Jonathan Cape, £6, 388 pages.

**MULTINATIONAL** corporations have few friends, these days. They are the target of public opinion and moral of its omniscient chief Hal Gerson: the U.S. Senate hearings on bribery and corruption showing the light thrown on the operations of the oil majors and their closely knit club; the hounding of Ralph Nader by General Motors.

All these disclosures and many more have sometimes given the impression that the operations of a multinational Boardroom are conducted in such the way as the Politburo of the KGB—lacking only in the ruthlessness. "Global Reach" a study by two American economics professors, sets out to substantiate the charge that Multinationals—like monopolies—are necessarily and wholly evil, especially to the peoples of the underdeveloped world.

The count of charges is familiar. Global corporations subvert people's will through their advertisements—what is known as co-conspiration. They exert a controlling influence on the fortunes of smaller economies—for instance 70 per cent of the profits in five key sectors in Brazil. They undercut local producers and prevent the development of a native industry—exporting 1950's model refrigerators to Thailand, for instance. And where they do export technology, they prevent the underdeveloped country from exploiting it freely in export markets—through regional marketing systems.

Most of the arguments presented by the authors are well rehearsed and presumably culled from magazines, news

papers and others works. They add relatively little new material to the discussion, even though they have apparently conducted a number of interviews with leading business figures such as Mr. Saadia Schorr of General Electric and M. Jacques Maindron of IBM.

Most of the old platitudes are reinforced by a number of amusing sidelights on the behaviour of top company officials—few of which enhance their reputation.

It is easy enough to prove that multinational corporations have at one time or another been guilty of each of the seven deadly sins. Greed and selfishness have certainly been the mainsprings of the operations of at least some of them at some stage in their development—one need think no further than Standard Oil or United Fruit.

But a case for the prosecution which lumps over 100 defendants of wildly differing size, motivation, nationality, and extravagant attempts to link up from carefully chosen evidence, hardly makes for an objective trial. This is the style of the Stalinist show trial with its assertions, innuendoes and extravagant attempts to link unlikely defendants together rather than of the intelligent, open-minded English academic tradition. The authors spoil their case by the stridency of their tone and by their attempt to prove that all the defendants committed all of the crimes at all times—or at least would have done if they could have done.

What does emerge from this study, leaving the propagandist style aside, is that the power and interests of the big multinationals—which the authors like almost everyone else treat as a synonym for American—are often sharply opposed to the interests of the companies, in which they operate. In many cases, because of the ignorance,

weakness or corruptibility of the governments of poor nations, the companies have been able to win a disproportionate share of the rewards from the enterprise in which they have been engaged. Copper in Latin America, oil in the Middle East, nitrates in Peru, bauxite in the West Indies are examples of natural resources which have been sold too cheaply for poor to make artefacts for the rich.

But the development of producer co-operatives such as OPEC and the coffee cartel and the emergence of white raw material producers—British oil, Canadian gas, South African diamonds and Australian ores—has rather changed the power balance. Limitations on foreign investment, the scrutiny of profits, the demand for joint ventures, has rather hobbled the multinationals. Who to-day would claim that the president of Exxon had more power than the Shah of Iran?

**Power**

Japan, with its strict control of foreign investment, has shown how a country, which a century ago was one of the world's poorest, can rise to a position of economic power without being raped by foreign companies. Others have learned the lesson and it is probable that the nightmare of multinational power is already evaporating in the shafts of daylight which are exposing it.

The authors make some sensible recommendations for greater bridling of corporate power in matters like disclosure, limitation of conglomerate takeovers, the elimination of the U.S. tax bias towards foreign investment and the seizure of more power over multinationals by their host Governments. Canada, Sweden and Australia are already showing how much can be done to tame the multinationals. Others will surely follow.

John Kenneth Galbraith

**MONEY**

Where it came, where it went

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## Euraccountancy

BY MICHAEL BLANDEN

**Accounting in Europe**, by Michael Lafferty, Woodhead-Faulkner in association with National Westminster Bank, £6.95, 428 pages.

THE dearth of information in the U.K. about the operations of the accountancy profession in other EEC countries and about their company reporting practices has begun to be remedied in the past two years. The contacts developed between the U.K. profession and its counterparts in Europe, and the sustained efforts conducted in developing international accounting standards and in influencing planned EEC legislation have done a great deal to reduce the distance across the Channel.

Nevertheless, there remains a need for detailed knowledge not only of the practices adopted in other European countries but also of the status and responsibilities of the accounting profession, in relation to the high regard which the U.K. accountants have earned through their efforts to improve company reporting techniques.

This gap Michael Lafferty has made an important contribution to filling. His book is basically a straight piece of academic research (in spite of his own denials) reporting on the structure of the company sector and on the reporting requirements imposed in the major European countries, as well as proposals for harmonisation of EEC law.

The charm of the book is in the brief judgments which Mr. Lafferty offers on each of the countries covered. The French auditing profession, for example, "must be highly commended for its enthusiastic efforts to improve the competence of auditors but there is a limit to what can be achieved with a profession whose median age is over 50."

The proud U.K. profession is not exempt from criticism. "The disunity of the U.K. accountancy profession is the cause of considerable confusion at home and of bewilderment overseas. The Continental must be forgiven for questioning the U.K. auditor's ability so long as such public disasters as Rolls-Royce, Pergamon Press, Rolls Razor, Vehicle and General, etc., continue to take place."

While presenting a basically investigated piece of writing, Mr. Lafferty has not allowed accepted opinion to get in the way of his own forthright views.

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## FINANCIAL TIMES REPORT

Tuesday October 28 1975

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## Growing range of lenders

By Keith Lewis

THE NUMBER of financial organisations ready and eager to lend money, both in the corporate and private sectors, is growing all the time. Even the Trustee Savings Banks and Giro are entering into the lending game, principally in the personal sector. However, it would seem that for the time being at least neither the public nor industry is in the mood to take advantage of these facilities. Outstanding advances to private U.K. residents on May 21 this year stood at £3.5bn., with the industrial figure at £13.36bn.; by August 20 this year the respective figures were £2.9bn. and £13.3bn.

One of the biggest revolutions in forms of credit in this country is the credit card. Barclaycard, which boasts 3m. holders and 85,000 outlets, is taking in new applications at the rate of 40,000 per month—the boost came apparently when the card became a cheque guarantee card last September, thereby making it dual purpose. Access reported recently that the number of outlets has topped the 94,000 mark. But the significant factor is that, despite this growth, the level of outstanding debt is remaining roughly static, and it is on mainly lending that the card operators really make their money. Both Access and Barclaycard are making substantial losses and it is for this reason that the level of interest to be charged on outstanding debt has been raised from 1½ per cent to 2 per cent per month.

Cardholders are actually using their cards far more sensibly. The big change came when the Government stipulated that from the end of 1973 the minimum amount payable at the end of any month was to be raised from 5 per cent of the outstanding debt to 15 per cent. From that point on holders have reduced their level

of borrowing and have taken far greater advantage of the free credit period. It is possible to obtain about five weeks' credit for nothing and then to wipe out the entire debt. This is good for the holders but bad for the card companies.

The uses of the various cards is likely to be stretched considerably. Merely by incorporating magnetic strips into the cards it is possible to make them truly multi-purpose. The use of automatic service machines for obtaining quite large sums of cash is one area that is being explored. And point-of-sale credit in department stores is another possibility. Barclaycard already has a pilot scheme in one store in Chester. Confirmed growth areas in terms of outlets are mail order—mainly in the national Press—and the purchase of financial services. For example, in motor insurance where the costs have soared it is now possible to pay the premiums with Access.

The convenience in borrowing for the private individual has also been taken a stage further by the introduction of money shops. Apart from Forward Trust, a subsidiary of Midland Bank, which has around 15 shops, the field is dominated

by the American banks. UDT, which had been the major force with 30 shops, was forced to pull out because of general financial difficulties. The American banks, on the other hand, appear to have flourished and are adding to the number of outlets all the time.

The appeal of the shops is not hard to see. It is possible to obtain almost one-stop shopping for the entire range of personal financial services: secured and unsecured loans; savings and deposit accounts; and insurance and investment services. Formalities are cut to a minimum and applications for loans are processed very quickly since the managers usually have complete discretion in granting credit. It is this easy, more relaxed style of banking where the customer is not made to feel guilty for wanting a loan. It has caught even the eye of the clearing banks, and it is well known that the clearers have considered opening their own money shops in an attempt to boost their retail banking.

One of the tests for the money shops will be how they stand up to competition from the Trustee Savings Banks and National Giro. However, the TSB has made it clear that it has no intention of

rushing into the lending business and the build-up in lending will be slow. Still, it has been estimated that within a decade borrowing. The TSB will have a lending suggest that the customer capability of £500m. This will do nothing and is not all be directed at private sector scrapping along waiting for business as the TSB at present genuine sign of an upturn has no plans to enter into commercial lending.

The other main credit factor for the corporate sector remains extremely sluggish—a service offered by the average industrialist is most of the clearing and naturally reluctant to borrow. This has been particularly valuable at a time when the recession lasts when companies may be expected to have a high incidence of bad debts and delayed payments from finance companies—and the key to any revival must lie in a return of business confidence generally.

In leasing, where one would have thought that in these troubled times business would be booming, there has been a decided lull. It is the capital allowances that arise on the purchase of equipment that make leasing a viable proposition. But with many financial organisations reporting much lower profits, and case, take the insolvency therefore attracting a correspondingly lower tax charge, there is not the capacity to take on a great deal of leasing business. In the second category, contact is made with the client. The client is res withdrawn completely from the market. Hill Samuel, for example, withdrew for a year payments when particular d because of the potential Her have been financed. The c start losses in Germany, but is only required to submit a has since returned to the client invoices to produce market. It seems fair to cash required and the

## Leasing and factoring

ONE SURE way to make a friend in the industrial world these days is to provide the means to boost cash flow and ease liquidity strains. Leasing and factoring services are two ways of doing this, the one easing the strains of financing capital expenditure and the other helping out on the working capital front.

From a comparatively small base, these activities have spread rapidly in Britain. According to the Equipment Leasing Association, whose 34 members account for over 90 per cent of the industry, the gross cost of all leased assets owned at the end of 1974 was £1.1bn. compared with £402m. in 1971. The total amount of rentals collected amounted to £222m. (£85m.) and during 1974, 101,000 contracts were signed (72,000).

Although having many of the attributes of both rental and hire purchase, leasing differs from them in a number of ways. The most crucial differences are that leasing, as compared with rental, is a financial transaction rather than a service and that compared with hire purchase is a means of financing the use rather than the purchase of an

asset. Obviously there are considerable grey areas between all these transactions, but common to all is the equitable notion that ownership of the asset never passes to the lessee. Rather, the leasing company receives the benefits of all grants and allowances, which are reflected in the level of rental payments negotiated with the lessee.

Another major difference between leasing and hiring/rental is the question of choice. Whereas the plant hirer or renter provides his own equipment from a pre-acquired stock, under leasing the potential user selects an item which is then purchased by the leasing company. A lease is then negotiated between the leasing company and the user. In areas like computers, where individual specifications may vary enormously and a high rate of obsolescence is the rule, such arrangements give the user a great deal more flexibility than in the original rental agreements.

Leasing takes on two distinct forms in contract. The first is known as a financial (or "full pay out") lease where the equipment is paid for in full by

the lessee over the primary period of the lease—which is, at most, equal to the estimated useful life of the asset. The rental payments to the leasing company effectively amortise its capital outlay and provide the element of profit.

The secondary period which follows is at the option of the lessee and may proceed on the basis of little more than a peppercorn rental. The most common length of primary period is between three and five years and the actual terms negotiated between the leasing company and client depend on such factors as the "taxable capacity" or the lessor's ability to use capital allowances resulting from the purchase of an asset.

The question of amortisation distinguishes the financial lease from other kinds of lease, which are referred to as operating leases. In other words, the rentals paid by the lessee are not intended to amortise the initial capital outlay involved, and the lessor does not rely on them for his profits during the period of the lease. A secondary period can be re-negotiated. The main business of ELA members is financial leasing.

From the point of view of the company contemplating a leasing arrangement the main aspect is that it is a means of financing capital expenditure out of revenue with no entry, either debit or credit, in its balance-sheet—as would be the case with direct finance or hire-purchase.

While of considerable interest to the company under some strain on the liquidity front it is also claimed that even if capital is available for outright purchase, leasing should be considered, as the funds could still be profitably employed elsewhere. The negotiation of the lease, assuming the equipment is worth installing, relies on careful evaluation of cash flows and as such is a useful aid to internal budgeting.

Following the financial upheavals of 1974, the clearing banks have emerged as the predominant force in leasing. The profitability of finance houses was curtailed, and with their taxable capacity, so by the end of the year NatWest, via its subsidiary Lombard North Central, with leased assets of £167.8m. had overtaken Mercantile Credit (since absorbed by Barclays) as the industry's leader. The big four clearing banks, with their vast financial resources and extensive contacts with industry, are also a major force in factoring. International Factors, three-quarters of which is owned by Lloyds and Scottish, with the remainder in the hands of the First National Bank of Boston, is the largest factoring company, handling over £100m. of turnover last year. The next largest is Griffen, owned by Midland Bank, with a turnover of about £80m.

Factoring is a device which concentrates on a company's working capital. The services provided by factors have a number of aspects. In the first place the factor can take over the sales ledger of a company and the responsibility for collecting outstanding debts. It can also insure clients against bad debts. This comes at a price

and for small companies may amount to up to 2 per cent of annual turnover. A further service is that of forwarding cash to clients on the basis of received invoices. This is normally limited to about 90 per cent of the value of an invoice and the charge for this service seems to be based on base rate plus 3 per cent.

Neither invoice factoring nor credit factoring has an adverse effect on the ability of a company to raise bank finance—since it involves only a reshuffling of assets into a more manageable form and is probably a more reliable means of obtaining short-term sources of finance than stringing out creditors—and less troublesome and expensive than issuing bills of exchange. However, lenders' and financial analysts tend these days to take leases into account when evaluating the credit-worthiness of a company's balance sheet and to capitalise them in a variety of ways to arrive at the implied reduction in the lessee's debt capacity. Although involving neither a disturbance of existing borrowing powers nor the imposition of an additional charge on the company's assets, over-commitment is as possible in leasing as in other fields of investment financing.

Leasing also has some distinctive taxation features. A company with sufficient taxable profits is unlikely to benefit from leasing since it is in a position to gain the tax benefits of ownership directly. In surrendering its 100 per cent tax credit to the lessor, the company on a full tax charge will be paying tax considerably earlier and this is an important factor in any calculation.

Terry Wilkinson

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# Banks find demand still quiet

BRITAIN joined the list of countries in which the banks are finding demand for their services still quiet. The result has been that the U.K. clearers have been increasing the importance of their role in supplying credit, not only in the corporate sector but also in the personal sector.

This changing role of the banks is not occurring without pain and they have had to contend with criticism. Recently, for example, they have had to counter accusations that they were dragging their feet over financing North Sea oil.

Barclays Bank International intimated that the banks expect to play a "major role," but were bedevilled by the escalating costs in inflationary times and the uncertainty about cash flow left in the hands of the developing companies after the Government had taken its tax slice.

Similarly, there has been a good deal of comment recently about the tendency of British industry to invest for short-term profits rather than long-term and the necessity to increase the amount of medium- and long-term loans. Thus, since the crisis, one has seen the emergence of Finance for Industry, supported by the banks and other institutions.

But although the industrial horse may be driven to the water it cannot necessarily be made to drink and the picture now is that of a sluggish demand for borrowing (particularly by manufacturing industry) due to high interest rates and general lack of confidence. The result, according to one of the major clearing banks, is that since industry does not wish to take up loans, the banks are now concentrating on lending to the personal sector. For example, it is now easier to get a bridging loan for house purchase than it was a year ago and there has been more activity in this sphere—particularly where it concerns people who might be on the verge of retirement and can back up with a commuted pension.

Elsewhere in the personal sector, the banks are still shifting the emphasis from overdrafts to personal loans. The latter is less flexible than an overdraft and generally costs more since it is on a fixed time scale but cannot be called in and carries built-in insurance. It is also cheaper than money from a finance company although (indirectly) the banks can provide HP finance as well.

This tendency to develop credit "packages" rather than rely on the overdraft as the all-purpose method of finance has also spread to the corporate side. Barclays Bank says, for example, that since it started its "medium-term" loan scheme in 1966 an increasing number of its financing arrangements for small companies were on this basis rather than overdrafts. Indeed it estimates that around a quarter of the money out to British industry from the banks is in the loan form rather than overdraft.

what might have been an overdraft on a regular footing, with a fixed repayment period (usually 3-7 years) and a regular repayment programme. The bank's argument is that this is better for the company because it imposes a financial discipline (it can't treat the overdraft as permanent working capital) and is not vulnerable to a sudden credit squeeze.

On the other hand, it is more expensive than overdraft facilities—the blue chip rate plus probably a point and negotiable in quarter points thereafter. This seems to be significant for expense is a big deterrent to borrowing by companies at the moment. Certainly in the three-month period to mid-August, advances to the manufacturing sector dropped by £152m.

Traditionally the merchant banks have been reckoned to be more nimble than the giants and this quality extended to the provision of credit. They never were strong on personal lending and where industry was concerned they were also wary of making cash advances. The traditional merchant bank method of corporate finance was to take a slice of a company; make it loans with money put up by someone else; and to make a killing on the stock market a few years later. All this was nipped in the bud during 1974 and several merchant banks burnt their fingers rather badly in the property market and to a lesser extent in the tanker market.

All this left its scars and prompted further thoughts about the necessity of developing larger capital bases (so as to have more money to lend) and more nervousness about the moves of the clearers into traditional merchant banking strongholds like acceptance credits and export finance. Guarantee-

ing credit has always been what the experts in the field call the "real merchant banking business" and it tends to be very good business for it basically consists of the bank "putting up its name for a rate."

The important thing, however, sophisticated the various instruments become, is to avoid bad debts and this is where the merchant banks reckon that their expertise lies. A bank like Lazard, for example—which is important in the export credit field—also believes that the merchant banks can stand what is at the moment "relatively small" competition from the clearers. This is because after-sales service counts a lot and expertise built up over the years is not so easily created, however much money the clearing banks might possess.

However, a lot of the expertise must be fairly new for the different types of credit finance have become more increasingly complicated, including project finance (an amalgamation of Euro-currency finance and export finance), syndicated loans, etc. Also, the common denominator tends to be for the credits to become bigger and for the period of risk to be extended.

Christopher Hill

## Collecting the debts

ATTENDING patterns of inflation coupled with high rates has put even strains on industry to cash flow projections and working capital movements. As such the recovery of outstanding debt is a key factor in the drive for financial control. Collecting agencies, which have been making gradual inroads into industry, are now their services in even demand, particularly as the average debt in the back of inflation-cring customers' credit is creeping back to peak. Moreover, this factor is with escalating stock has taken many companies to their ceiling for banking. Such companies can rely on outdated systems of credit control.

often in the past would allow customer drag on for ridiculous of time. This invariably be followed by a series of letters becoming more time as time went on. debt run to several is obviously going to be difficult when a company eventually comes to the value of an overdue at 60 days is about 85% of its total and this at 90 days, at 90 days, company needs to take a more active attitude on its debt. For once it shows an easy on credit even prompt payers will delay. One leading agency, acquired a client, was a public company, its debt run up to nine while another, a major rental store in the just sent out one invoice making any moves to up the debt.

ful companies now appreciate the need to employ a manager responsible to and able to take the policy-making decisions. involves careful study of customer's credit status tracking the problem at source is the best method using the risk of debt of course, is not as forward as it may seem. While every company in this can fluctuate within a limited period, credit manager will probably be the collecting agencies extension of his department either because the company is not equipped to carry out its function or finds it economical to rely on a party. Most agencies on the basis of "no commission, no charge," whereas manager's efforts are a cost to the company. company, of course, will

need to choose its collection agency with the same care exercises in analysing the rating of a customer who has asked for the maximum amount of credit. The agency would after all be holding a large amount of money following the successful recovery of debts. When an agency receives an account for collection, it immediately sends a letter to the debtor as a means of establishing that the creditor has placed the account with a collecting agency and that it requires full settlement by return. This often results in a full settlement of the account.

If the account is not settled by return of post there usually follows a three-week period where there is a continuous flow of correspondence and telephone calls. After this the agency would report back to the creditor and advise on those debts which would only be recovered by taking legal proceedings or should just be written off.

### Delays

Taking legal action however, is no longer as straightforward as it used to be. For the stamp duty in the high court, has recently been increased to a flat £15 on all debts from £150 to £500 against the previous sliding scale where the duty at the lower end was £5. This has prompted many of the solicitors acting for the agencies to make more use of the county court to the point now that there is acute congestion, resulting in substantial delays.

This higher rate of duty naturally increases the charges of the collecting agencies. As to the basic scale of charges these tend to vary quite considerably. British Mercantile Agency charges 7% per cent. on the first £100, 5% per cent. on the next £400 and 3% per cent. on the balance. Other agencies link their charges to the age of the debt.

A number of the agencies have, in addition, switched to the U.S. system whereby the agency sells books of collection vouchers to the company in return for the agency sending out a series of letters regardless of the size of the debt. The creditor submits one voucher for each debt. British Debt Services has just started this type of operation on the commercial side. It charges £20 for 300 vouchers and then a commission on debt recovered. This is a flat £25, which works out as 7% per cent. on debts up to £100, 3.3% per cent. up to £1,000 and 0.33% per cent. over £10,000.

These charges are for commercial accounts where debt is clearly larger and more easily recovered than that for the consumer side. Indeed, the high rate of unemployment that is now apparent, particularly in the North, is making it increasingly difficult to recoup con-

sumer debts. As one agency said "there is no blood left to be squeezed out." British Debt Services, a leader in consumer debt collection, started a door-to-door pick-up service last November which seems to be cashing in on the staggering upturn in consumer debt despite the 50 per cent. commission on everything collected.

The fact that BDS can charge such a high rate of commission and still have strong demand is a clear indication of the

com factor of collecting to house. Indeed, if the recovery performance of an agency is monitored over a period of six to nine months, thereby allowing for seasonal fluctuations, a credit manager can make a good assessment as to the value of a "collecting agency as an effective aid to his department collecting efforts. Clearly the collecting agencies must have a lot to offer to some companies

David Wright

This basically means putting territories and may visualise

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# Awaiting NY City moves: Index of 2.0 \$ improves

BY OUR WALL STREET CORRESPONDENT

SMALL LOSSES were recorded in slow trading on Wall Street today while awaiting Congressional approval or disapproval of action to prevent a financial collapse by New York City.

The Dow Jones Industrial Average shed a further 2.04 to 838.48 and the NYSE All Company Index lost another 3 cents to 147.32, while declines in gains by 753 to 817. Trading volume dropped 5.02m, shares 13.1m.

The Senate Banking Committee is scheduled to resume hearings to-morrow on the question of financial assistance for New York City, which two weeks ago barely avoided default on its short term debts.

Investors continued wary that Congress might refuse to bail out New York City, possibly leading to disruptions in Securities Markets and working against economic recovery.

Apprehension about the City's problem overcame interest in a soaring prime rate cut by banks to 10 1/2 per cent from 8 per cent, and the outlook for another possible cut this week.

Motors were narrowly mixed. Car makers were expected to begin releasing third quarter earnings statements to-morrow.

U.S. Steel lost \$1 to \$82; Du Pont gained \$1 to \$120. Phillips Petroleum fell \$1 to \$34 on lower third quarter earnings.

A Federal Court blocked the proposed merger with Amstar, \$4 to \$44, although allowing Amstar to keep its 20 per cent interest.

Amstar Industries gained \$1 to \$89; on per share operating net for the year, more than twice that of last year.

U.S. Savings Bonds rose \$1 to \$38; J.P. Morgan surrendered \$1 to \$40; The Banking Industry received some bearish earnings comment.

Western and Western Railroad declined \$1 to \$84 on sharply lower quarterly profits.

Singer gave up \$1 to \$104 on its loss for the quarter and also dividend omission.

The American Oil Market Value Index firmed 0.02 to 83.99, although declines outnumbered advances by 305 to 396. Champion Home Builders, the most active issue, rose \$1 to \$34 on 163,000 shares.

## Indices

### NEW YORK

#### DOW JONES AVERAGES

Index	Oct 22	Oct 21	Oct 20
Dow Jones Industrial	838.48	840.52	842.52
Dow Jones Transportation	147.32	147.35	147.38
Dow Jones Utility	147.32	147.35	147.38
Dow Jones Average	147.32	147.35	147.38

#### STOCK AND BOND YIELDS

Index	Oct 22	Oct 21	Oct 20
Ind. Ord. Yield	11.97	11.97	11.97
Long-Term Govt. Bonds	6.00	6.00	6.00

#### MONDAY'S ACTIVE STOCKS

Stock	Oct 22	Oct 21	Oct 20
Amstar	89.00	88.00	87.00
Champion	34.00	33.00	32.00

#### INDUSTRIAL INDEX

Index	Oct 22	Oct 21	Oct 20
Industrial	147.32	147.35	147.38

#### COMBINED INDEX

Index	Oct 22	Oct 21	Oct 20
Combined	147.32	147.35	147.38

#### JOHANNESBURG

Index	Oct 22	Oct 21	Oct 20
Johannesburg	147.32	147.35	147.38

Oil and Copper declined, but Gold firmed. Precious Metals declined. Amsterdam shed Frs.20 to 1400. Steels also shed Frs.20 to 1400. Steels also shed Frs.20 to 1400.

State Loans were quietly mixed. Switzerland - Markets drifted lower on profit-taking, with industrial leaders declining over a fairly broad front.

Bearer shares of Brown Boveri and Nettle showed major losses. Banks, Finance and Insurance, led by Interfood, Motor-Columbus and Rueckversicherung Bearer.

State Bonds were firmer. Dollar stocks were fairly active but lower. Dutch Internationals and Germans were barely steady.

## STANDARD AND POORS U.S. STOCK INDICES

Index	Oct 22	Oct 21	Oct 20
Standard & Poors 500	147.32	147.35	147.38

## SYDNEY ALL ORD. INDEX

Index	Oct 22	Oct 21	Oct 20
Sydney All Ord. Index	147.32	147.35	147.38

## TOKYO NEW SE INDEX

Index	Oct 22	Oct 21	Oct 20
Tokyo New Se Index	147.32	147.35	147.38

## HONG KONG INDEX

Index	Oct 22	Oct 21	Oct 20
Hong Kong Index	147.32	147.35	147.38

## SINGAPORE INDEX

Index	Oct 22	Oct 21	Oct 20
Singapore Index	147.32	147.35	147.38

## EUROPE

Index	Oct 22	Oct 21	Oct 20
Europe	147.32	147.35	147.38

## TORONTO

Index	Oct 22	Oct 21	Oct 20
Toronto	147.32	147.35	147.38

## MONTREAL

Index	Oct 22	Oct 21	Oct 20
Montreal	147.32	147.35	147.38

## INDUSTRIAL INDEX

Index	Oct 22	Oct 21	Oct 20
Industrial	147.32	147.35	147.38

## COMBINED INDEX

Index	Oct 22	Oct 21	Oct 20
Combined	147.32	147.35	147.38

## JOHANNESBURG

Index	Oct 22	Oct 21	Oct 20
Johannesburg	147.32	147.35	147.38

BRUSSELS - Mostly lower in weak trading. Metals declined. Astoria shed Frs.20 to 1400. Steels also shed Frs.20 to 1400.

Germany - Some price rises in heavy trading on buying from domestic and foreign investors.

Construction gained up to DM7, but Banks, Chemicals, Electricals and Steels were generally little changed. Stores mixed, while Engineering declined up to DM2.

Bond prices were mixed, ranging from losses of 35 pennings to gains of 10 pennings. The Regulating Bank took up about DM5m. (DM2.8m) nominal of stock.

## OSLO - Generally steady.

COPENHAGEN - Mixed in moderate trading.

MILAN - Easier after a series of mainly firmer sessions. Bonds were quietly mixed.

JOHANNESBURG - Gold shares continued to drift down in quiet trading.

Financial Minings also declined. Fed Min shed 10 cents to \$2.30. Coppers lost ground but Platinum was firmer.

Bullion was off, but Industrial shares were steady.

HONG KONG - Lower in decreased trading.

Hong Kong Bank were down 10 cents to \$HK16.30, Hong Kong Electric to \$HK17.50.

Butcher's 20 cents to \$HK1.70, Jardines 20 cents to \$HK2.50 and Hong Kong and Kowloon Wheat 20 cents to \$HK1.40.

Active trading, with sustained selective demand spread over a wide front, centring on "large capital" and Heavy Machinery shares.

Volume 22m shares, 12m bonds, 10m currency, 10m gold, 10m silver, 10m platinum, 10m palladium, 10m rhodium, 10m iridium, 10m osmium, 10m tungsten, 10m molybdenum, 10m vanadium, 10m niobium, 10m tantalum, 10m zirconium, 10m hafnium, 10m thorium, 10m uranium, 10m plutonium, 10m americium, 10m curium, 10m berkelium, 10m californium, 10m einsteinium, 10m fermium, 10m mendelevium, 10m nobelium, 10m lawrencium, 10m rutherfordium, 10m dubnium, 10m seaborgium, 10m bohrium, 10m hassium, 10m meitnerium, 10m darmstadtium, 10m roentgenium, 10m copernicium, 10m nihonium, 10m flerovium, 10m tennessine, 10m oganesson.

General Electric of the U.S. was buying the stock.

Electrical Appliances were higher, although Sony lost 40 to 2,900.

AUSTRALIA - Generally firmer, led by Uranium.

Queensland Mines rose 30 cents to \$A1.15, Cathartex 20 cents to \$A1.35, Pancontinental 30 cents to a year's high of \$A5.00 and Peko Waildson 10 cents to \$A4.10.

Coal, however, were depressed, with AAR losing 5 cents to \$A5.50 and BHP 10 cents to \$A5.50.

But Gold rose 3 cents to 25 cents. Philip Morris advanced 20 cents to a new high of \$A5.50. Woodside-Burnham gained 4 cents to \$A1.10, BHP were up 10 cents to \$A7.12 and CSR gained 5 cents to \$A7.12.

But Pioneer Sugar lost 10 cents to \$A3.95.

## GERMANY

Index	Oct 22	Oct 21	Oct 20
Germany	147.32	147.35	147.38

## MILAN

Index	Oct 22	Oct 21	Oct 20
Milan	147.32	147.35	147.38

## PARIS

Index	Oct 22	Oct 21	Oct 20
Paris	147.32	147.35	147.38

## AMSTERDAM

Index	Oct 22	Oct 21	Oct 20
Amsterdam	147.32	147.35	147.38

## BRUSSELS

Index	Oct 22	Oct 21	Oct 20
Brussels	147.32	147.35	147.38

## SWITZERLAND

Index	Oct 22	Oct 21	Oct 20
Switzerland	147.32	147.35	147.38

## STOCKHOLM

Index	Oct 22	Oct 21	Oct 20
Stockholm	147.32	147.35	147.38

The U.S. dollar improved in the foreign exchange market yesterday after losing ground in early dealings. The main initial decline was largely because of the fall in U.S. Treasury bill yields at Friday's auction and the cut in U.S. banks' prime lending rates.

Concern over New York's financial problems also depressed the dollar. During the afternoon however the dollar gained ground to close at around its best level of the day against most major currencies.

The French and West German authorities were reported to have supported the unit and expectations of a continued upward trend in the U.S. trade figures, due to be published today, also helped the dollar's upward trend.

Its trade-weighted average depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York, on noon rates, narrowed to 2.57 per cent from 2.64 per cent on Friday.

Sterling also gained ground against most major currencies, with the Bank of England calculation for the pound's trade-weighted depreciation, improving to 2.53 per cent from 2.62 per cent after standing at 2.62 per cent at noon and in early dealings. In terms of the dollar however sterling was a little weaker, closing at \$2.0685-2.0685, a loss of points on the day. The pound began dealing at \$2.0705-2.0705, after touching \$2.0730-2.0730, before picking up slightly towards the close.

Gold, lost \$1 to \$143.14. The benchmark closed at \$143.14. The domestic and international markets, compared with \$147-149 (\$71-72), previously. The coin's premium, over its gold content was 2.97 per cent, against 2.95 per cent on Friday.

## SPECIAL DRAWING

### RIGHT RATES

Index	Oct 22	Oct 21	Oct 20
Right Rates	147.32	147.35	147.38

## EXCHANGE CROSS-RATES

Index	Oct 22	Oct 21	Oct 20
Exchange Cross-Rates	147.32	147.35	147.38

## EURO-CURRENCY INTEREST RATES

Index	Oct 22	Oct 21	Oct 20
Euro-Currency Interest Rates	147.32	147.35	147.38

## FORWARD RATES

Index	Oct 22	Oct 21	Oct 20
Forward Rates	147.32	147.35	147.38

## AUSTRALIA

Index	Oct 22	Oct 21	Oct 20
Australia	147.32	147.35	147.38

## JOHANNESBURG

Index	Oct 22	Oct 21	Oct 20
Johannesburg	147.32	147.35	147.38

## TOKYO

Index	Oct 22	Oct 21	Oct 20
Tokyo	147.32	147.35	147.38

## SWITZERLAND

Index	Oct 22	Oct 21	Oct 20
Switzerland	147.32	147.35	147.38

## STOCKHOLM

Index	Oct 22	Oct 21	Oct 20
Stockholm	147.32	147.35	147.38

## COPENHAGEN

Index	Oct 22	Oct 21	Oct 20
Copenhagen	147.32	147.35	147.38

## OSLO

Index	Oct 22	Oct 21	Oct 20
Oslo	147.32	147.35	147.38

## BERGEN

Index	Oct 22	Oct 21	Oct 20
Bergen	147.32	147.35	147.38

## TRONDHJEM

Index	Oct 22	Oct 21	Oct 20
Trondheim	147.32	147.35	147.38

## STAVANGER

Index	Oct 22	Oct 21	Oct 20
Stavanger	147.32	147.35	147.38

## HAUGESUND

Index	Oct 22	Oct 21	Oct 20
Haugesund	147.32	147.35	147.38

## KRISTIANSUND

Index	Oct 22	Oct 21	Oct 20
Kristiansund	147.32	147.35	147.38

## MO I RANA

Index	Oct 22	Oct 21	Oct 20
Mo i Rana	147.32	147.35	147.38

## ALTA

Index	Oct 22	Oct 21	Oct 20
Alta	147.32	147.35	147.38

## OVERSEAS SHARE INFORMATION

### NEW YORK

Index	Oct 22	Oct 21	Oct 20
New York	147.32	147.35	147.38

### AMSTERDAM

Index	Oct 22	Oct 21	Oct 20
Amsterdam	147.32	147.35	147.38

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### ALTA

Index	Oct 22	Oct 21	Oct 20
Alta	147.32	147.35	147.38

## CANADA







16.55	16.75	16.80	17.17	?
8.59	8.46	8.44	8.86	
5,508	5,799	5,339	6,388	?
58.76	61.72	54.47	60.53	?
14,614	15,019	14,578	14,354	15

1. - Koon 243.2    1 p.m. 330.1  
 2 p.m. 351.1  
 3. - 21.3% 202.

corporation tax. (b) NS-3.56.

S.E. ACTIVITIES	
—	Oct. 27.
49.18 (61/76)	Daily—
50.53 (61/76)	Gilt-Edged—
49.94	Indefinite—
(66/640)	Speculative—
43.5	Totals—
(66/107)	

Blyvoor (85sp) and Kioof (2) both retreated 30. A 1st exception to the general 0 was East Rand Proprietary rose 25 to 845p on a demand the Continent.

Financials mirrored the in Golds and the weaker U.K. Industrials with "Am. falling 2 at 231 1/2 Angle Amc and Union Corporation, both 10 to 250p and 93sp respect.

De Beers succumbed to a from the Cape and the Cont and were finally easier at after 894p. Flinhuas with

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

[illegible]

Industrials	Grand Mop.	7	Sinter Walker.	8	Illness	50
P. Cement.	U.S. 'A'.	10	Epilene	8	Anglo Amer.	80
Auto. Lumber.	Gen'l.	20	Thorn "A"	17	Broken Hill Ppy.	75
Cardiac Bank	6.5 N.	28	Duke Lumber	35	Charter Coast	30
Chemical	Hawley Sldd	17	Udell	35	Chas. W. Pitt.	35
Drugs	House of Paxon	6	Udell Drapery	10	Cons Gold.	28
Electrical	Kidman (Wilma)	4	Vickers	15	De Beers Dtd	12
Foodstuffs	R.O.I.	21	Woodwards	6	P. J. Gerdin	250
Gas	U.C.I.	7	Woodwards	6	Great Boulder	12
Leather	U.C.I.	7	Procy	7	London Amer.	16
Metals	U.C.I.	7	Regt. Com. Genl.	4 1/2	Hampton Prop.	4
Oil	Legal & General	18	R.L.	8	Kloof	140
Real Estate	Loyds Bank	18	Rich.	10	Lebanon	15
Textiles	U.C.I.	7	Rich.	10	Luxania	58
Transportation	"Mama"	18	Leach	12	Metals Explor.	8
U.S. Steel	Marshall Spence	13	Pennington	10	Woburn	20
Wool	Midland Bank	10	Rock City	10	Brit. Steels.	275
Yarn	Nat'l. U.S. Bank	6	U.S. & Can. C.	4	Rio Tinto	20
	P & O Dtd.	30	Oils		Woburn	20
	P. & O Dtd.	30	Brick. Petroleum	45	Western 'N'g.	75
	R.H.M.	17	Burnish Oil	50	Western 'N'g.	18
	Bank Org. 'A'	17	U.S. Steel	31	American Coppr.	30
	Bank Org. 'A'	17	U.S. Steel	31		

OVERSEAS TRADERS (1)  
 Saraford CO & WY  
**NEW LOWS (6)**  
 AMERICANS CO  
 Chase Manhattan - IAU International  
 TRUSTS CO  
 Mail Securities  
 Lookout Invest  
 OVERSEAS TRADERS (1)  
 Jamaica Super

## RISES AND FALLS YESTERDAY

	Up	Down	Steady
British Pounds	9	35	31
Corpus, Dom. and	7	30	34
Foreign Bonds	7	33	1,977
Gold	31	23	1,977
Financial & Prop.	45	135	377
Oil	8	12	15
Foreign	1	12	1
Stocks	39	40	94
Recent Issues	2	12	25
<b>Totals</b>	<b>359</b>	<b>723</b>	<b>1,788</b>

Greyhound Guaranty .....	11
Grainlands Bank .....	11
■ Guinness Mahon .....	11
■ Hambros Bank .....	11
Hawtin & Partners .....	11
■ Hill Samuel .....	11
C. Hill & Co. .....	11
■ Julian S. Hodge .....	12
Industrial Bank of Scot. ....	11
Jacobs, Kroll .....	11
Keyser Ullmann .....	11
Knowsley & Co. Ltd. ....	12
Lloyds Bank .....	11
London .....	11
London Mercantile .....	11
Midland Bank .....	11
■ Samuel Montagu .....	11
Morgan Grenfell .....	11
National Westminster .....	11
North Colonial Trust .....	11
Norwich General Trust .....	11
Portman Guaranty .....	11
P. S. Relfson & Co. ....	11
Rossminster Acceptors .....	11
Royal Trust of Canada .....	12
Schlesinger Limited .....	12
E. S. S. .....	12
Security Trust Co. Ltd. ....	12

Lending Rate 12 per cent.  
(since October 3, 1975)

are buying rates for prime paper, buying rates four-month bank bills 11½-12½ per cent. Approximate selling rates for one-month Treasury bills 11½-12½ per cent. Approximate selling rates for one-month bank bills 11½-12½ per cent.; and three-month 11½-12½ per cent. No one-month trade bills.

Finance House Base Rate (published by the Finance House Association) 11½ per cent. Clearing Bank Rate (published by the Clearing Bank Association) 7 per cent.

per cent.; and four-month trade bills, 113-114 per cent.; two-month bills, 112-113 per cent.; bills 112-113 per cent.; two-month bills 113-114 per cent.; two-month bills 113-114 per cent.; two-month bills 113-114 per cent. from October 1. Clearing Bank for London 11 per cent. Treasury bills:

**RATES**

Atlantic Assurance ...	11
Cannon Assurance .....	2

Address shown under Insurance.  
Property Bond table.

**NATIONAL**

**MIM ST**

**LISTER**

**MIM ST**

**WEST**

**DEX**

**s News**

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**Edited by Doreen**

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**"Recent Issues" and "Rights" Page 23**

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## Lloyds dealer in 'wrong guesses'

BY NORRIS WILLATT, Lugano, October 27

GIVING EVIDENCE to-day at his trial in Lugano, Marc Colombo, foreign exchange dealer at Lloyds Bank International's Lugano branch in 1973-74, outlined the series of wrong guesses on foreign exchange rate trends which resulted in LBI's £32m. loss last year. The loss was discovered by Lloyds in August, 1974.

Also on trial is Sig. Egido Mombelli, manager of the branch when the losses were incurred. Sig. Colombo faces a total of 10 charges and Sig. Mombelli seven.

Each charge is said to carry a maximum prison sentence of five years. In accordance with Swiss law, the defendants do not have to plead innocent or guilty until the evidence has been heard. The purpose of the first day's hearing was to establish the chronological series of events.

The wrong guesses, Colombo said, concerned the short-term trend of the floating dollar against major European currencies such as the Swiss franc and the German mark between the autumn of 1973 and the spring of 1974.

Colombo told the Lugano Criminal Court, he was making a profit for Lloyds on the transactions of the foreign exchange department which had been hired in the previous February to establish for the first time at the Lugano branch.

At that point, he said, he sold forward U.S.\$34m. in expectation that the dollar would fall against European currencies and with the idea of buying them back later at the lower rate and so showing a profit. However, in January, before the contract ran out, the dollar rose on the international foreign exchange market as a result of the energy crisis.

Accordingly, Sig. Colombo continued, he decided he had better cover himself by buying forthwith an equivalent amount in dollars in case the American currency went still higher. This involved him in a loss on the deal of SwissFr.5m.

He did not report this to his superiors, he said, because of professional pride and because he felt that Frs.5m. though a large sum for the Lugano branch, was small compared with the overall financial position of Lloyds.

To extricate himself from the situation he decided to buy for forward delivery \$100m., half with Swiss francs and half with German marks, gambling that the dollar would go still higher, but by the time this transaction matured in March the dollar was again falling and his losses had grown to Sw.Frs.50m.

By now, Sig. Colombo knew that if he revealed the true state of affairs he would be fired so, he affirms, he made one last gamble and sold \$600m. forward in the conviction that the dollar would keep on falling. Instead, it began to rise and his paper loss stood at some Sw.Frs.22.3m. with the position still open when officials of Lloyds from London came to Lugano to investigate.

They were alerted that something was radically wrong by the London branch of Credit Lyonnais alarmed by the size of the obligation which Lloyds Bank had contracted with them.

Sig. Colombo was suspended from his duties. In court, he declared that if he had been left in his position he could

still have righted the situation eventually.

Sig. Colombo is accused of having conducted these transactions in part in violation of bank regulations, specifying the banks with which he was authorised to do business and the amounts to which he could commit himself with them; and especially a limit of Sw.Frs.5m. as the maximum balance of all foreign exchange operations at the end of any one day.

He is also accused of contracting loans with other banks in order to help cover the deficit involving considerable interest charges to Lloyds and representing them as losses on swap foreign exchange transactions. Sig. Colombo described to the court six different complicated techniques which, alone or in combination, were open to a foreign exchange dealer to camouflage the real state of his operations and of which he was in a position to take advantage.

Details of the operations were expected to come to light when witnesses for Lloyds Bank and Price Waterhouse give evidence to-morrow.

The other defendant, Sig. Mombelli, claimed that he knew nothing about the irregularities perpetrated by his subordinate up to the time when they were brought to his attention by Lloyds head office.

Pressed by the presiding judge, Dr. Gastone Lavini, as to why, as manager of the branch he did not find out what was going on, Sig. Mombelli claimed that he was too busy with other responsibilities to pay more than superficial attention to Sig. Colombo's activities.

He did not even have time, he said, to study the book of rules for branches issued by Lloyds International.

"If I had had to study the book and apply the regulations," he said, "it would have taken up all my time. In any case, we don't have anything like that at Swiss banks. I am not a policeman," he said at another point.

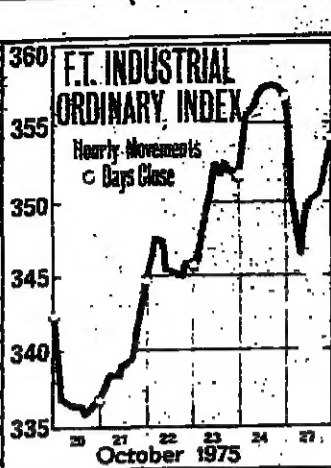
He also claimed that he had repeatedly asked for someone to be sent to the Lugano branch to be in charge of administration, "as at other Lloyds branches in Switzerland, in Zurich and Geneva," but in vain.

## THE LEX COLUMN

# Financing Herbert in the dark

Stock markets reveal their character in the way that they react to news. It seems reasonable to suggest that a year ago the news from Slater Walker would have had a savage impact on share prices. There was an excuse for profit-taking yesterday, which was the start of the final leg of the account and followed four trading days in which the index had bounced up by over 19 points. But in the event, early mark-downs seemed to provoke no serious selling, and a drop of 10.2 points at 11 a.m. had been cut back to a fall of 2.7 points by the close. Some of the second liners were not quite so resilient, and overall falls outnumbered rises by 2 to 1. But for the moment, people seem to find it easier to be bullish than bearish.

Index fell 2.7 to 354.0



The hope yesterday was both these divisions might prove slightly in the next months, but the special side is now on the down. And since the French Government's recent 'rediff' package will not have an immediate effect, a significant recovery is not expected until at least latter part of 1976. While there is an ob threat to a yield of 14 per cent, the growth rate is lower than in the last 10 years, the interim pre-tax is £200,000 higher at £2 Rental income has again widened the main impetus, while the proportion of profit from development and cost has slipped from 45 per cent, there has still an increase in cash terms, with the rent roll expected to rise by £200,000 in 1975, the full-year pre-tax should be about £4.7m. at £4.2m.

**Percy Bilton**  
Percy Bilton is one of minority of property group emerge apparently unscathed from the last two years—one of the very few to a higher profits this year, though the growth rate is lower than in the last 10 years, the interim pre-tax is £200,000 higher at £2 Rental income has again widened the main impetus, while the proportion of profit from development and cost has slipped from 45 per cent, there has still an increase in cash terms, with the rent roll expected to rise by £200,000 in 1975, the full-year pre-tax should be about £4.7m. at £4.2m.

## Herbert

The taxpayers' £25m. cash injection represents an enormous figure for Alfred Herbert—and it may not be enough. The money, which will be all in the shape of equity, more or less matches the last balance sheet total. It is more than double the book fixed assets, and represents over £3,500 per employee; and it will leave the group with up to £10m. in the bank initially, since the existing £8.4m. of loan capital is going to be retained.

However, the background has deteriorated since the cash sum was originally announced in July. Annual losses are running at more than £4m. before interest, and heavy reorganisation and redundancy costs are imminent with perhaps 1,200 to 1,500 jobs likely to be affected. The £25m. is scheduled to finance the complete reconstruction and leave some room for capital spending, but any ambitious expansion scheme may well need more cash.

In these circumstances, the Government has published remarkably little financial information about the investment. The restoration of profitability has been identified as the prime goal, which is welcome. But nothing has been said about markets, capital spending, cash flows or financial returns. The Ryder report on British Leyland at least made a stab at the numbers: the justification for the Herbert rescue has so far been limited to generalities.

Meanwhile Ordinary shareholders have been offered 6p per share, which is a little above recent prices—and should be

accepted by everyone. The shares would certainly be worthless in liquidation, which for commercial considerations the offer is designed to avoid. Unlike British Leyland, there is no option to stay on with the company, which again seems sensible enough considering that the bid values the current equity at just over £1m. Since there is no necessity to do anything else, preference shareholders are being left as they are—with their dividend prospects just about as dim as ever.

See also Page 1

## Pechiney

Pechiney Ugine Kuhlmann, France's third largest company in turnover terms, last night warned of a sharp decline in trading activity in May—since when its share price has fallen by 37 per cent, compared with a 7 per cent drop in the Paris index. So the shares fell less than 1 per cent, yesterday on the news that the group would lose money in 1975, following net profits of Frs.743.5m. last year. During the first six months of 1975, turnover fell by 17 per cent, with a volume fall of 20 to 25 per cent, which has continued into the second half. PUK's foreign subsidiaries, just over a fifth of sales last year, are mostly still in the black—and the main problems have been in the domestic metals market.

The biggest decline in turnover has been in copper processing, where sales nearly halved in the first half—partly as a result of the fall in the copper price—and aluminium production, around a third of sales in 1974, was 16 per cent down.

See also Page 23

## Juan Carlos considers short-list of contenders for Prime Minister

BY ROGER MATTHEWS AND ANTHONY ROBINSON

MADRID, Oct. 27.

THE CRITICAL condition of General Francisco Franco, Spain's 82-year-old Head of State, continued virtually unchanged to-day, although his doctors reported they had checked the internal bleeding which caused a fresh flurry of concern late last night.

During the evening Franco conversed with his daughter, Maria del Carmen, her husband, and with his grandchildren.

The Caudillo conversed with his children and his grandchildren that were with him during the evening, and at this time he is resting normally, a statement said.

The country remains in a state of tense expectancy and Prince Juan Carlos, who will be sworn in as King within eight days of General Franco's death, to-day continued his plans for the succession.

## Advice

The Prince, who is 37 and has very little direct political experience, is understood to be drawing up a short list of names for the vital appointment of Prime Minister.

He has been receiving a wealth of advice from visitors to the Zarzuela Palace, much of it conflicting. But it is understood he realises the importance of acting swiftly after the General's departure.

Under the terms of the constitution, a three-man Regency Council takes over the functions of Head of State after the death of the present incumbent, and until the moment Juan Carlos is officially declared King.

The Prince is being urged to cut this period as short as possible and he may now be sworn in while General Franco is still lying in state.

This would permit the Prince to be present at the burial as King of Spain and he would then go on television to address the nation.

The final negotiations for the appointment of a Prime Minister could then be completed.

The main candidates at the moment are: on the solid Establishment Right, Señor Torcuato Fernandez Miranda, for six months in 1973 deputy Prime Minister and one-time Professor of Politics to the Prince, and Señor Rodriguez de Valcarlos, President of the Cortes.

From the Army, General Manuel Díez-Alegría, dismissed

last summer as Chief of the General Staff—a man of liberal previous—and rather more remotely General Gutiérrez Mellado, an officer with high professional standing; the present Prime Minister, Señor Carlos Arias.

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